FINANCIAL TIMES

1984 No. 29,775 *** Saturday November 9 1985

UK 35p U.S.A. $1.00 Canada C$1.00 Bermuda $1.50

WORLD NEWS

Life term for soccer hooligan

The Football Association, police representatives and Tory MPs last night welcomed the life sentence imposed at the Old Bailey yesterday on soccer booligan Kevin Whitton. It was the harshest given for football violence.

Whitton, aged 25, of New Addington, Croydon, was convicted of riotous behaviour outside Cbelsea's ground before a game against Mancbester United; affray in a Cbelsea pub and causing grievous bodily barm to the pub manager.

Stephen Bowden, 23, of Kilburn, north London, was jailed for eight years for affray on a bus and wounding the assistant pub manager.

UK rejects arms talks

Mrs Thatcher bas declined an invitation from Soviet leader Mikhail Gorbachev for talks about cutting the Britisb and Russian nnclear forces. Back Page

Ulster oaths possible

The Government is expected to decide soon if Ulster councillors will be required to forswear support for violence or proscribed gronps. Back Page

Letters 'by hostages'

Letters apparently from four US hostages in Moslem hands in Lebanon, appealing for talks on their release, were received by a news agency in Beirut. Page 2

Compensation agreed

An out-of-court settlement is expected which would produce compensation totalling millions of pounds for relatives of the 55 victims of the Manchester air disaster in August. Page 4

Prisoner refused bail

Anthony Mycock, serving five years for a burglary now said not to have occurred, was refused bail by an Appeal Court judge while his case is reviewed.

Record award

Elizabeth Francis, a 21-year-old student at Oxford Polytechnic paralysed below the waist since a car crash in 1982, was awarded £413,945 damages. Lawyers said it was a record award in Britain for an unmarried person.

Miners sentenced

Brothers Nigel and Martin Hodgson of Wakefield, West Yorks, who attacked a working miner with pickaxe handles while on strike in the pit dispute, were eacb jailed for three years.

Candle burns damages

The High Court, Dublin, awarded damages of I£75,000 (£62,500) to an 11-year-old girl who burnt berself while reaching across a churcb candle stand to light her own candle.

Mateos refused refuge

Josc Maria Ruiz Mateos, wanted in Spain on charges over his Rumasa company taken over by the Government, was refused political asylum in West Germany.

Ex-PM's son jailed

John Kirk, a former New Zealand MP and son of ex-Prime Minister Norman Kirk, was sentenced in Wellington to four montbs' periodic detention for criminsl bankruptcy.

Crash at Duke's home

Two men died when their light aircraft crashed on take-off from the Duke of Buccleuch's estate in the Scottish Borders. The victims may have been in a shooting party.

Cancelled opera

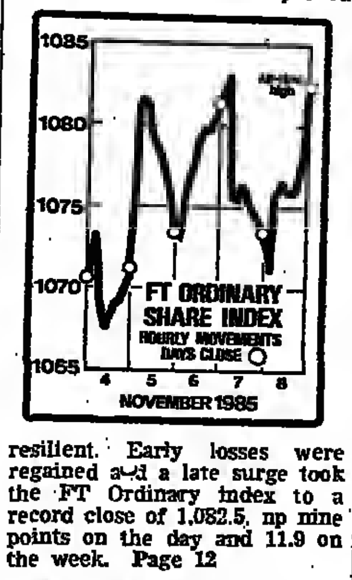
The Royal Opera House, Covent Garden, cancelled performances from next Tuesday because of a pay dispute with its orcbestra. Page 4

BUSINESS SUMMARY

Banks act to halt dollar surge

CENTRAL BANKS acted quickly yesterday to stem a suddeo surge by the dollar on foreign exchange markets, which was prompted by remarks in Tokyo and Waabmgton seeming to alg nal a less aggressive intervention policy. The currency finished slightly lower in London at Y205.5 (Y205.6) and DM 2.622 (DM 2.6265). Its index, calculated earlier, rose 0.5 to 129.1. Sterling lost 15 points to close at $1.417. Back Page: Currencies, Page 11

EQUITY trading was quieter than recently, at the end of the account. Prices opened lower on fears of an oil price war but institutional bnying revived and blue-chip industrials proved resilient. Early losses were regained and a late surge took the FT Ordinary index to a record close of 1,082.5, up nine points on the day and 11.9 on the week. Page 12



TREASURY is expected to revise upwards its forecast for public borrowing this year in response to falling revenues from North Sea oil. Page 4

US SEMICONDUCTOR industry's figbt against what it sees as unfair Japanese trade practices was boosted by an International Trade Commission ruling that US chip-makers were materially injured by cbeap Japanese exports. Back Page

JOHNSON MATTHEY Bankers: Labour MP Brian Sedgemore told the Commons Chancellor Nigel Lawson was perverting the course of justice over the collapse of JMB. Page 4

ROLLS-ROYCE: Government reaffirmed its intention of privatising the aero-engine maker before the next general election. Page 4

SHIPS' PILOTS are voting on a recommendation that their UK Pilots' Association should merge with the Transport and General Workers' Union. They are worried about possible job losses. Page 5

TOURIST TRADE in Britain could be damaged by shortage of accommodation and rising prices, a survey said. Hotel room prices have risen by up to 30 per cent in a year. Page 5

SOUTH AFRICA'S Government set up a committee headed by three cabinet ministers to propose privatisation measures. Page 2

HILL SAMUEL, merchant banking group, said first-balf profits after tax rose 32 per cent to £17.5m, with most of the improvement coming from banking operations. The interim dividend will rise to 3.6p (3.25p). Page 8; Lex, Back Page

MICRO FOCUS, computer software group, reported an interim pre-tax loss of £2.82m (£1.4m profit). Shares touched 100p before closing 30p down at 110p, against a higb this year of 970p. Page 8

DEBENHAMS chairman Robert Thornton and seven of his 10 fellow executive directors are to leave the department store group in a management sbake-up which follows the takeover by Burton Group in August. Page 4

Date set for London Metal Exchange to re-open tin trading

BY STEFAN WAGSTYL

THE London Metal Exchange, the world's leading metals market, is to re-open tin trading on Monday week in an attempt to break the deadlock in the international tin crisis.

"It will be the greatest poker game ever played," said one trader. Hundreds of millions of pounds will be at stake as dealers try to fix a level for tin prices well below the £8,140 a tonne at which trading was suspended more than two weeks ago.

To add to the uncertainty, traders do not yet know what the International Tin Council, which runs the price pact between consumer and producer countries, will do on the day.

Yesterday's announcement is clearly designed to put pressure on the council to make progress when it resumes its emergency meeting on Thursday. The crisis has blown up because the ITC has run ont of money, owing its bankers and LME metal traders hundreds of millions of pounds.

LME traders hope that by next week, Britain will have succeeded in persuading the other 21 tin council members to bonour these debts. Britain is understood to be lobbying particularly bard in Brussels and in other European capitals to win over EEC countries. The EEC speaks with one voice on the council so success here is seen as crucial.

The decisioo to reopen tin trading on November 18 looks like a compromise at the LME. Some traders wanted to wait longer for positive action from tbe ITC. Others, especially those with no outstanding ITC contracts, argued for an early resumption. A few said the suspension of trading was contrary to the LME's free market principles.

Special rules, to be announced by Wednesday, will apply when tin trading resumes. These are likely to set a limit on how far prices can fall in any rouod of trading, or "riog." There will probably be several "rings" daily. The idea is to draw out the fall in prices over time to prevent a panic. "It will be a slow agony," said one trader.

However, the ITC's position will decide how the market behaves in practice. The council has about 62,000 tonnes of tin stockpiled, some of it pledged to its banks as collateral.

It also bas contracts with 14 of the LME's 28 ring-dealing members for about 52,000 tonnea of tin and a further 16,000 tonnes with other metal traders. With all this tin banging over the market the outlook for prices is highly uncertain.

However, if tbe council does vote to honour its debts and traders and bankers co-operate to avoid a panic then the special trading rules could well easa the resumption of tin trading.

Over the next few days traders will be calculating how far prices might fall. Tin has been traded in small lots in various countries in the past two weeks at prices ranging between £6,000 a tonne and £7,000. However it could fall much lower—one large buyer is understood to have bid to buy metal at £4,275 a tonne.

David Lascelles writes: The 16 creditor banks of the ITC pledged last night to work on proposals to restore confidence in the tin markets. Moreover, they also intend to ensure that the couocil honours its commitments to them.

At the first meeting of the new group formed by the banks to protect their interests, they agreed to try to find ideas to put to the next meeting of the ITC on Thursday. This will involve contacts between the banks and ITC members next week to build on the proposals the banks have already made in the past few days.

In a statement after the meeting, which was chaired by Mr Peter Graham, a vice chairman of the Standard Chartered Bank, the banks said they bad acted with particular regard to the appeal from the ITC "to work constructively in finding a solution to the present situation."

However, though the banks want to co-operate, considerable dismay was voiced at yesterday's meeting over the ITC's inability to find a way out of its deadlock last Thursday. Some bankers are also increasingly concerned about the wider repercussions of the tin crisis, and its possible impact on otber clients.

Editorial Comment, Page 6

Reagan announces plan to end US unitary taxation

BY REGINALD DALE, US EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday announced that the US Administration is to introduce legislation removing the power of US states to tax multinational corporations on the basis of their worldwide earnings under the disputed system of unitary taxation.

Instead, states would be entitled to tax companies only on income earned within the territory of the US—the so-called "water's edge" principle.

Tbe British Government acclaimed the move as a major step forward. Britain has led a long-running international campaign to end the extra-territorial reach of the unitary taxation system. Other governments actively involved have included those of Japan, Canada and the Netherlands, and, to a lesser degree, those of France and West Germany.

Equally important, in the view of the system's opponents, was an undertaking yesterday by the Administration to intervene in support of companies contesting the system in the US courts.

British companies, including Imperial Chemical Industries, Beecham and Barclays Bank, are involved in three separate US cases challenging the legality of the system in California, the state which, according to Britisb officials, accounts for 90 per cent of the problem.

In return Britain bas agreed to refrain from retaliation against US companies under section 54 of the Finance Act, at least until the end of 1986, to allow time for the US legislation to pass Congress.

Tbe British legislation, approved by Parliament in July, was intended to put pressure on the US by giving the British Government the power to withbold taxes of up to $500m (£355m) a year on dividends transferred by American subsidiaries in Britain to their parent companies in the US.

The Britisb Government said it wonld defer action under section that the US legisletion would be introduced in Congress by the end of this year, aod become law by tbe end of next.

While the Reagan Administration has up to now generally supported the other governments' efforts to end tbe overseas reach of unitary taxation, it bad been nervous about backing legislation to that effect for fear of domestic political repercussions. Once in Congress, the legislation is expected to raise delicate constitutional issues of states' versus federal rights to raise taxes.

However, British officials are optimistic that the approach adopted yesterday, including the British agreement temporarily to withhold retaliation, will induce large US companies like Exxon, International Business Machines and Ford, to line up behind the Administration's efforts in Congress. Even so, it is not expected to be easy to get the legislation through by the end of next year.

The Administration's decision

Continued on Back Page

'Spy' aids Pretoria media claims

BY OUR FOREIGN STAFF

THE South African Government yesterday issued detailed allegations of the foreign media's involvement in unrest. The allegations were partly compiled with the belp of a "spy" employed in South Africa by an overseas television network.

This follows Pretoria's clampdown last week on reporting of the unrest that bas left more than 800 dead in the past year.

Earlier in the day Mr Anthony Heard, the editor of the Cape Times newspaper, was arrested on charges of breaching the Internal Security Act by publishing an interview last Monday with Mr Oliver Tambo, exiled leader of the banned African National Congress.

Tbe charge of illegally quoting the views of a banned person can result in three years' imprisonment.

Mr Heard interviewed Mr Tambo in London. He said yesterday that be decided to publish because "I believe in maximum information."

Meanwhila, some of the information reaching the government about the activities of foreign television and newspaper reporters before the restrictions were imposed was revealed by Mr Louis Nel, South Africa's Information Minister.

He said the police bad been regularly assisted by a South African employed by a foreign television network. Specific cases cited by Mr Nel of the foreign media's alleged involvement in unrest included:

- Help given by two television crew members to a coloured man wbo escaped arrest during rioting at the University of the Western Cape.
- The testimony of a school principal wbo saw a television cameraman bide in a house and re-emerge shortly afterwards to film an attack on the school by children.
- Prior knowledge of township violence by television crews, enabling them to set up their equipment in advance.
- Allegations by parents in Soweto, near Jobannesburg, that children had been paid by a film crew to burn books.
- A police film that showed a crew hiding behind a car with rioters. When the police arrived "the stoning and the filming commenced," Mr Nel said.

The Foreign Correspondenta Association promptly urged the authorities to disclose the name of the informer, saying they were surprised "that there is a police spy in our midst."

The association said: "Our South African members protest that this statement, again unsubstantiated, damages tbeir reputations and could hinder them in performing their duties as journalists."

It went on to note that Mr Nel still did not offer "specific names and dates" of alleged misbebaviour. "Some of the

Continned on Back Page

South Africa considers privatisation, Page 2

France seeks stake in Eurofighter

BY RUPERT CORNWELL IN BONN AND MICHAEL DONNE IN LONDON

FRANCE is after all ready to take a small stake — a shareholding of perhaps 5 or 10 per cent — in the four-nation project to build a European fighter aircraft for the 1990s. When the EFA project was launched three months ago, the Frencb refused to participate.

Unveiling the surprise offer after the latest Franco-German summit in Bonn, President Francois Mitterrand indicated that it was intended as a gesture to prove that France still hoped to take part in future important military aviation collaboration venturea in Europe.

One of these would be a joiot successor to the rival schemes which have effectively divided Europe's aircraft builders and governments—the Rafale, to be built by Dassault-Breguet, the French state-controlled military aircraft group; and the EFA, for which Britain, West Germany, Spain and Italy are due to complete a feasibility study by next June.

M Mitterrand emphasised that his proposal did not imply any French desire to change the configuration of EFA. The original five-nation scheme collapsed because of irreconcileable differences between France which wanted a lighter ground attack-orientated aircraft, and the otber four, who envisaged EFA as a beavier aircraft giving priority to air superiority.

The Frencb President furthermore urged the four EFA participants, in a reciprocal move, to take a comparable "symbolic" stake in the Dassault venture, which is understood to be at a slightly more advanced stage. This would help "good babits to take root," he said.

Yesterday's offer, according to officials and diplomats in Bonn, goes further than a somewhat vague appeal for future co-operation in the field of military aerospace set out in a letter which Mr Mitterrand sent to bis four opposite oumbers a few weeks ago.

This has already received a positive reply from Bonn and Madrid. Diplomats involved in discussioos indicated last night that Britain, too, was reacting favourably to the idea.

But the suddeo offer of cross sbareboldings in the two rival projects caught both British and German officials off guard. Bonn will evaluate the suggestion. Experts wondered wbether France bad belatedly seen technological advantages in EFA wbich sbe was anxious not to let slip.

UK aerospace officials made it clear that any French application to join the consortium of four countries to build the EFA would be considered on its merits.

At the time of the August decision by the four to proceed without the French, it was made clear that it was always open to France, or any other country to join, provided it was prepared to accept the type of aircraft the four nations wanted.

The four nations are anxious to avoid any reopening of the long and unsatisfactory debate over which aircraft to build.

Another issue which will require settlement is whether, if the French join the EFA on a small (10 per cent) basis, they will be prepared to have any or all of the other four EFA nations participate in the French Rafale venture on the same basis.

Dassault-Breguet last night had no comment to make on Mr Mitterrand's proposal of cross-financing with the EFA.

France has already said it is ready in principle to work with other countries such as Holland, Belgium and Denmark to try to defray the costs of the Rafale.

The Mitterrand suggestion would seem to be another move to share costs over developing the Rafale, although it is not clear how France could help support the EFA at the same time.

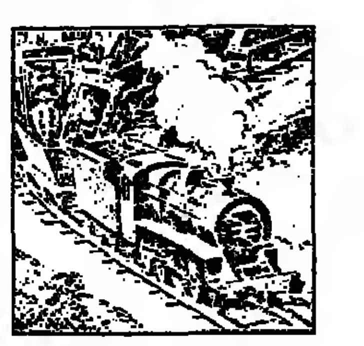
French Defence ministry officials have estimated that building the 330 Rafale fighter aircraft France says it wants for the air force and navy by the mid-1990s could cost about FFr 35bn (£3bn). The advantage of linking together in a five-nation EFA project would have been to save costs of development and production—a saving which officials have estimated could have been 10 to 20 per cent of the cost of the project.

The Bonn summit—the 46th in the regular series of twice-yearly meetings — produced several other announcements intended to underline the closeness of ties between West Germany and France.

Each will be taking joint proposals covering technology, the environment and the creation of a genuine single common industrial market in the EEC to the forthcoming European Council in Luxembourg. It is hoped that the council will endorse a blueprint for greater Community integration.

Rolls-Royce privatisation plan outlined, Page 4

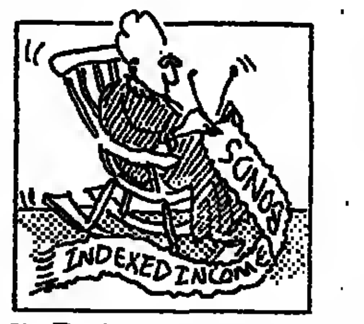
WEEKEND FT



TRACKING ART

Nicholas Faith traces the process by which British Rail's Pension Fund decided to invest heavily in art.

Page I



INDEXED BOND

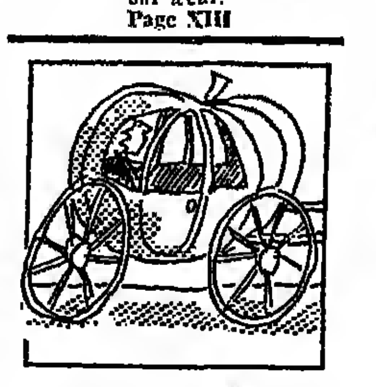
National Savings' new Index Income Bond goes on sale on Monday. George Graham advises caution.

Page V

SKI SHADES

Murky shades for men and pastels for women are the colour schemes of this season's ski wear.

Page XIII



DRESS SENSE

Seeking the glitter of a ball gown? Lucia van der Post explains where to hire suitable finery.

Page XI

MARKETS

DOLLAR

NEW YORK LUNCHTIME
DM 2.61675
FFr 7.9725
SrF 2.1495
Y204.8

London:
DM 2.622 (2.6265)
Fr 7.985 (7.9975)
SFr 2.155 (2.159)
Y205.5 (205.6)
Dollar index 129.6 (129.1)
Tokyo close Y207.25

US LUNCHTIME RATES

Fed Funds 7¼%
3-month Treasury Bills: yield: 7.48%
Long Bond: 104 43/64 yield: 10.14

GOLD

New York: Comex Dec latest $323.5
London: $322.25 ($322.75)

STERLING

New York lunchtime $1.42175
London: $1.417 (1.4185)
DM 3.715 (3.725)
FFr 11.315 (11.345)
SFr 3.055 (3.0625)
Y291.25 (291.5)
Sterling index 79.5 (79.3)

LONDON MONEY

3-month interbank: closing rate 11⅝% (same)
3-month eligible bills: buying rate 11⅛% (same)

STOCK INDICES

FT Ord 1,082.5 (+9.0)
FT-A All Share 676.1 (+0.1%)
FT-SE 100 1,390.1 (+5.3)
FT-A long gilt yield index: High coupon 10.44 (10.38)
New York lunchtime: DJ Ind Av 1,395.67 (−3.67)
Tokyo: Nikkel 12,851.05 (−0.19)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 8.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 8.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 8.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

CONTENTS

For London market and latest share index 01-246 8026; overseas markets 01-246 8086

Argentina may benefit from Baker loans plan

By Jimmy Burns in Buenos Aires

THE US has indicated that Argentina is a strong contender for new loans under the Baker plan for easing Third World debts.

In a speech to local businessmen and bankers this week, Mr David Mulford, the US Treasury's Assistant Secretary for International Affairs said: "Argentina's economic programme is showing an impressive performance and deserves our support . . . It is now one of the small number of countries that is in a position to take advantage of the (Baker) strategy . . ."

Mr Mulford said President Raul Alfonsin, the Argentine leader had expressed his "delight" at the prospect of being considered a "test case" for the Baker plan.

"We hope we shall be in a position within the next 60 days to take full advantage of this important new initiative," Mr Mulford said.

According to local bankers a three month period is aimed principally at giving the US Government time to resolve the practical aspects of the Baker plan such as the condition under which $20bn of new commercial funds might be chanelled to the Third World.

Argentine officials meanwhile indicated that President Alfonsin's statement was an expression of goodwill but did not signify a firm request for immediate aid.

Argentina has yet to decide on its borrowing needs for next year and wants to iron out pending issues of domestic policy before embarking on a fresh round of debt talks with the bank. In addition to securing speedy parliamentary approval for the 1986 budget, a major priority is to secure an agreement with both sides of industry which will allow the country to move out of the current prices freeze.

Mr Mulford's brief official visit to Buenos Aires is being seen as partly an attempt to help create a climate of moderation prior to next month's meeting in Montevideo of the Cartagena group of Latin American debtor countries. The meeting is being called to consider the Baker plan.

Mr Mulford's visit coincided with the arrival in Buenos Aires of Mr Luis Alva Castro, Peru's Prime Minister.

Chris Sherwell looks at the background to the Philippines President's offer of a snap election

Marcos plays up to Manila's sense of theatre

Marcos . . . "You tell me who I can train. . ."

WHEN Ferdinand Marcos suggested a snap peridential election in the Philippines earlier this week, his opponents and critics promptly welcomed the prospect of trying to end his 20 years of automatic rule peacefully.

But if Mr Marcos was belatedly responding to pressures caused by a communist-inspired insurgency and a deteriorating economy, there was still a question of whether he was play-acting to keep people guessing. Had he not suggested an early election only three months before, and then dropped the idea? And had he not recently ruled one out altogether until his fixed six-year term ended in 1987?

In fact, there is an inescapable element of theatre about most presidential events in the Philippines. This week's announcement was actually made to a US live television audience. Filipinos had to wait until the next day for details, and these changed again a day after that.

Over the past three months, Mr Marcos, who is 68, has been asked by US journalists point-blank whether he was now really prepared to bow out of politics. His answers were revealing.

"You tell me who I can train so he will continue my programme and ideology," he replied animatedly on one occasion. "Get me a leader who'll risk his life to fight Communism to the death and not use the (economic) recovery programme for his own personal ends."

"Let's be frank," he declared derisively on another occasion. "Who among those in the opposition are willing to take the risks that we are taking now? Risk against assassination, risk against dishonour, risks against all this propaganda . . . ?

"I'd like to have somebody take over while I rest. But I'm not going to abandon our people. The moment I do, then you have a rout."

Mr Marcos's remarks betray an unabashed self-confidence and, some would say, a wilful tendency to misread events. Take, for example, the Mao-style indigenous Communist insurgency now sweeping the country.

This has intensified under Mr Marcos, but the President will not hear of it. He likes to remind people that the Philippines has twice previously dealt blows to Communist elements—in the late 1940s against the guerrilla fighters known as the Huks, and in the early 1970s when Soviet-oriented Party members surrendered to his Government.

Or consider the economic recovery programme, which is now running into deep trouble because of Mr Marcos's failure to implement the necessary reforms, notably of the coconut and sugar monopolies run by his associates.

This programme, economists now agree, became necessary precisely because Mr Marcos's previous policies were used for the personal ends he now warns against.

As for the President's lament over the shortage of young and courageous leaders, this is widely reckoned to be the result of the autocratic climate he has created.

The most successful of his opponents, Mr Benigno Aquino, not only risked assassination, he was shot dead in August 1983.

Perhaps unsurprisingly, it has become axiomatic for analysts trying to understand the Philippines that Mr Marcos is determined to hold on to power.

Twenty years ago, when he unexpectedly found his path to the presidency blocked by Mr Diosdado Macapagal, the Liberal Party incumbent, Mr Marcos promptly switched to the opposing Nacionalista Party.

Helped by his ambitious wife Imelda, he won its nomination and went on to emerge victorious at the polls.

Four years later, after one of the roughest contests seen in the country's history, Mr Marcos became the first president ever to win re-election.

Then in 1972, ahead of the next presidential election—one he was constitutionally barred from contesting—he declared martial law and ruled with dictatorial powers.

The lifting of martial law in 1981 brought another election under a new constitution, and this easily went his way after the opposition boycotted the polls in disgust.

That gave Mr Marcos his current term, which he is now threatening to foreshorten by his call for a snap presidential election. If this goes ahead and he wins—something he would surely try to make certain of—he would be in office until 1992, events permitting.

It says something about the Filipino people as well as Mr Marcos that he should have managed all this. Part of the secret is a carefully cultivated and surprisingly resilient image—he as a dashing war hero and successful lawyer-turned politician, his iron-willed wife an attractive former beauty queen whose duty has always been to her husband.

Inevitably, after 20 years in power, the question is being asked whether Mr Marcos has become so isolated as to be cut off from the reality of problems now engulfing his country.

If so, it is equally apparent from the past week's events that his skill at sowing confusion is as sharp as ever. To most, he remains an awesome enigma.

South Africa sets up top level body to consider privatisation

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African Government has set up a special committee headed by three Cabinet ministers to draw up proposals for the privatisation of state and para-statal enterprises.

The move is part of overall Government plans to reduce state spending and create a smaller, but better paid and more proficient public service.

Creation of the new committee was announced by President P. W. Botha, who first indicated the Government's interest in privatisation in a speech at the Transvaal party Congress in September.

He revealed that the Government had been carefully studying the privatisation experience of countries such as the UK and West Germany.

Three forms of privatisation are being considered. The first would be the transformation of state or para-statal enterprises into public companies, with shares issued through the stock exchange; the purchase by private companies of state assets on a tender or private allocation basis; and a management buy-out option under which the management and employees of smaller state undertakings would be encouraged to take-over ownership and management.

The three Cabinet ministers, Mr Eli Louw, Minister for Economic Advisory Services and Administration; Mr Barend Du Plessis, Finance Minister, and Mr Dawie De Villiers, Minister of Trade and Industry, are expected to concentrate initially on pinpointing services which could be hived off to private companies.

But the Government is also expected to follow the successful privatisation of the Sasol oil-from-coal corporation by investigating the partial or total privatisation of major state or para-statal enterprises.

These include Escom, the electricity supply corporation, South African Transport Services (SATS) which runs the state airline and manages the harbours as well as running the rail network and other transport services, and Iscor, the state steel corporation.

The privatisation move comes against the background of growing criticism by business at the degree of state interference and regulation of the economy and the Government's rising share of GDP.

According to a study by Mr Rob Lee, chief economist of the Old Mutual Insurance Group, government spending has risen from 16.5 per cent of GDP in 1960 to 25.3 per cent in 1984, with total tax revenue rising from 15 per cent to 24 per cent of GDP over the same period.

Over the first six months of this fiscal year, government spending rose a further 24.5 per cent.

The degree of state intervention in the economy is best illustrated by business and academic estimates that roughly 46 per cent of the 2.6m-strong white labour force is employed in the public sector.

Unions may boycott South African Airways

International trade unions are considering a boycott of South African Airways (SAA) and other airlines flying to South Africa as part of their fight against apartheid, a senior trade union official said yesterday, Reuter reports from Brussels.

Mr Enzo Friso, Assistant General-Secretary of the International Confederation of Free Trade Unions (Icftu), said Icftu was discussing the boycott with the International Transport Federation (ITF).

"We are discussing the immediate launch of an internationally-co-ordinated industrial campaign against SAA and airlines flying to South Africa," he said.

Mr Friso would not give further details but said action could also be taken against countries giving landing rights to SAA.

Icftu says it has about 82m members in 99 countries, and the ITF 4.2m members.

Conference raises Unesco hopes

UNESCO's general conference drew to a close yesterday, after resolving many of the problems left over from the U.S. withdrawal last year and trying to ensure that Britain does not pull out of the world body in seven weeks' time, **AP reports from Sofia.**

Weary delegates from 152 nations and officials of the UN Educational Scientific and Cultural Organisation said the five-week session left some hope that one of the main specialised UN agencies would survive its biggest crisis in 40 years of existence.

But the optimistic tone did not hide the fact the British Government's threat to leave, still hangs over the 160-nation Paris-based organisation.

The general conference, Unesco's highest decision-making body, was the first to be held without US participation and the first to be staged in a Soviet bloc capital.

Several third world delegates and secretariat officials said they felt a British withdrawal seemed slightly less likely than at the beginning of the meeting.

Britain handed in formal notice of withdrawal at the end of last year. As the Americans did before they left, the British called for less anti-Western rhetoric, more rigorous management and a move away from politically controversial Unesco programmes.

The 2,000 delegates unanimously adopted a zero-growth budget ceiling of $398m for 1986-87.

The ceiling includes the 25 per cent of the budget the Americans used to provide, so that the actual amount available for spending after programme cuts is $307m.

The role of the 50-nation executive board, which governs Unesco between sessions of the general conference, was strengthened at the expense of Unesco's director, Mr Amadou Mahtar M'Bow, who wanted clear guidelines established on observer status, should other nations pull out.

Beirut hostages 'alive and well'

A LETTER bearing the names of four US hostages held in Beirut and appealing to President Ronald Reagan to negotiate their release from kidnappers who "are growing impatient" was delivered to the Associated Press Bureau there yesterday, AP reports from Beirut.

The appeal was contained in a package of letters an unidentified young man threw at the feet of the guard at the AP Bureau. He was told to deliver the parcel to the agency.

One of the four hostages is Mr Terry Anderson, AP's chief Middle East correspondent, seized in Beirut on March 16.

A US official said later that reports of the letter from the four US hostages indicated they were alive and well.

The official said the US again called on those holding the hostages to release them.

Tanker 'at gunpoint'

The Greek supertanker Canaria, 300,000 tonnes crippled in an Iraqi air raid earlier this week, was forced yesterday at gunpoint by the Iranian Navy to proceed to Sirri Island, the London-based Lloyd's Intelligence Unit reported, AP reports.

Kim house arrest

South Korean police yesterday placed Mr Kim Dae-Jung, the dissident leader, under house arrest for the fourth time since he returned from exile in the US nine months ago, Steven B. Butler reports.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Singapore files contempt charge against WSJ

BY CHRIS SHERWELL IN SINGAPORE

THE SINGAPORE Government has unexpectedly initiated a court action against the Asian Wall Street Journal over an editorial last month concerning the case of Mr J. B. Jeyaretnam, an opposition member of parliament.

Contempt charges were filed last week by Mr Tan Boon Teik, the Attorney-General, against the Journal's editor, publishers, printers, distributors and resident correspondent in Singapore. Mr Tan also asked for the respondents to be imprisoned on the charges.

The charges allege that the editorial, which was printed in the October 17 edition, questioned the integrity and impartiality of the judiciary. The case is due to be heard in the High Court on November 18.

The case is significant chiefly because of the controversy which has surrounded Mr Jeyaretnam's political and legal battles since 1981, when he became the first opposition politician in 13 years to break the stranglehold of the ruling People's Action Party on Singapore's parliament.

But it is also interesting because Singapore has long sought to encourage foreign newspapers and magazines to set up satellite printing facilities in the island state.

Apart from the Journal, the International Herald Tribune, USA Today, the London Sunday Express, the Economist and Time magazine all print here.

In September, Mr Jeyaretnam and an associate were found guilty by the Singapore District Court of making false declarations about the accounts of the Workers Party, of which Mr Jeyaretnam is secretary-general. The decision overturned an earlier magistrate's ruling and the two were sentenced to three months' jail.

The Straits Times, Singapore's main English language newspaper, has since initiated a defamation suit against Mr Jeyaretnam. Other infringements had already led to fines by the courts.

Mr Fred Zimmerman, editor of the Asian Wall Street Journal, said he had no comment on the Singapore action, which also names Dow Jones Publishing Co (Asia) Inc, Mr Stephen Duthie, the paper's Singapore correspondent, Singapore Newspaper Services, which is part of Singapore Press Holdings and prints the Journal in Singapore, and Mr John Tan, manager of the Journal's distribution agency in Singapore.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Henry Ansbacher	11½%	C. Hoare & Co.	11½%
Amro Bank	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Yorkshire Bank	11½%
Co-operative Bank	*11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

Craxi wins vote of confidence in Italian Senate

BY JAMES BUXTON IN ROME

MR BETTINO CRAXI's Italian Government yesterday won a vote of confidence in the Senate by a substantial majority.

The vote, which complements that obtained on Wednesday in the Chamber of Deputies, was won after Mr Craxi made a speech which assnaged the anger be aroused among his coalition partners with his outspoken remarks to Parliament on Wednesday.

The five-party coalition headed by the Socialist Prime Minister is still deeply affected by tensions and mistrust resulting from the political crisis that caused Mr Craxi's resignation last month, and by his provocative behaviour this week.


Craxi: mending his fences.

In a speech to the Chambec of Deputies on Wednesday, Mr Craxi said be did not cootend the "legitimacy" of the armed struggle by the Palestine Liberation Organisation, although he did not believe it would resolve Palestine's problem.

He pointed out that Giuseppe Mazzini, one of the leaders of the struggle for the unification of Italy in the 19th century, had plotted assassinations.

His remarks, which appeared to equate Mr Mazzini with Mr Yassir Arafat, bead of the PLO, contradicted a careful and bolanced statement on the Palestine question agreed by the five partiea of the coalition last week. The remarks gave particular offence to the Repoblican Party, which considers itself the heir to Mazzini. The oarty had also pulled out of the coalition over Mr Craxi'a handling of the Achille Lauro hijacking.

Mr Craxi's remarks amounted to a gesture of contempt towards the othec coalitioo parties, especially the Christian Democrats, the senior partners in the Government.

They brought a abarp protest from the Government of Israel. Gcligysrł-afimtq'aM

Yesterday Mr Craxi said his government would keep "scrupulously" to the terms of last week's agreement. He also said that be bad not wished to offend the memory of Mazzini, but only to recall that in the protest of winning independence, "peoples are driven by desperation to use unorthodox methods."

The relatively conciliatory tone of Mr Craxi's speech, and his specific remarks about the Middle East question, though hardly likely to be appreciated in Israel, were just enough to aatisfy his coalition partners who on Thursday insisted on a major retraction of his statement of the day before.

EEC grain reform plan given mixed reception

By Ivo Dawnay in Brussels

EUROPEAN COMMISSIONERS have given a mixed reception to controversial plans for a wide-ranging reform of the management of EEC cereals production the key element to a revision of the Common Agricultural Policy (CAP).

A confidential document outlining a new approach to restraining the Community'a 3.5m grains producers proposes the abandonment of a special progressive tax on surpluses—the so-called guarantee threshold and its replacement with a flat levy on producers.

But this met with an equivocal response at its first reading by the 14-member Commission this week.

Mr Frans Andriessen, the Farm Commissioner, bad boped to win approval for the papec on Thursday.

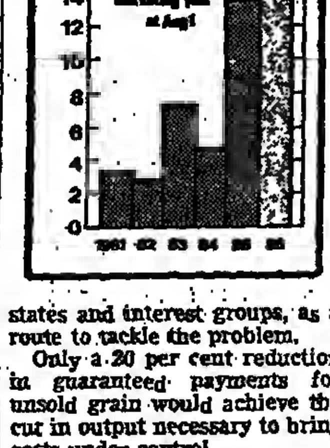
But it is believed that some Commissioners, most notably Lord Cockfield, expressed doubts over whether its alternative proposal of a so-called "co-responsibility" levy would prove a sufficient brake on output.

The meeting ended inconclusively, leaving the paper to be debated again next week.

The aim of the discussion document is to tackle grains surpluses which, it warns, will this year add 20 per cent to the cost of the Ecu 2bn (£1.2bn) cereals regime.

In its introduction, it points out that storage costs alone would surpass Ecu 3bn (£1.8bn) by 1991 if action is not taken rapidly.

But shortly thereafter, it abandons the option of price cuts, favoured by some member states and interest groups, as a route to tackle the problem.



Only a 20 per cent reduction in guaranteed payments for unsold grain would achieve the cut in output necessary to bring costs under control.

This would condemn the majority of arable farms to bankruptcy, the paper concludes.

It also goes on to rule out the alternative strategy of introducing production qnotas on farmers, both as administratively difficult and for tending to eliminate incentives for farmers to produce efficiently.

Instead, the paper opts for a series of measures centred on a co-responsibility levy or producer tax on output. This, it claims, would "sensitise the producer to market realities."

All but abandoning the possibility of even small price cuts, the document claims that "direct payments by the farmer are certainly more efficient than a moderate reduction in institutional prices."

It suggests that the rate of levy could be aet annually, taking account of the state of the world market.

Moreovec, in perhaps its most controversial passage, it argues that the guarantee threshold system that automatically triggers price cuts after Community production passes a certain level should be dropped.

In later passages, the paper goes on to propose:

● The granting of Community aid equal to the cost of export subsidies foc grain sold for "alternative uses" such aa bio-ethanol production;

● Exemptions from co-responsibility levies of the first 25 tonnes of each farmer'a production;

● Stricter quality criteria allowing a 5 per cent premium on guaranteed prices for high-quality grains;

● Special measures for barley aimed at favouring higher grades prices.

But it is the basic orientation towards co-responsibility and away from rigorous price restraints that will form the centre of the ensuing debate.

Senator in bid to save Soviet pawn

BY REGINALD DALE, US EDITOR IN WASHINGTON

A FRIGHTENED young Ukrainian seaman has become the latest pawn in pre-summit superpower diplomacy, and an unnsual coalition of American liberals and conservatives is using every legal gambit to try to save him from being sacrificed.

With his Geneva meeting with Mr Mikhail Gorbachev, the Soviet leader, just 10 days away, President Reagan is anxiously following developments, aware that they have the makings of another tricky US-Soviet incident just days after the strange affair of Soviet "double defector." Vitaly Yurchenko.

The US Senate has taken up the case, and the sailor's caose is now being championed both by arch-conservative Senatoc Jesse Helms of North Carolioa and by the American Civil Liberties Union (ACLU), a group the Senator would regard as communist fellow travellers.

Mr Helms's Senate agriculture committee has taken the unusual and controversial step of subpoenaing the sailor, still on board a Soviet freighter loading grain in the Mississippi port of Reserve, Louisiana, to appear on Capitol Hill on Tuesday to clear up whether he wants political asylum in the US or repatriation to the Soviet Union.

Meanwhile, the ship, the Marshal Konev, is being surrounded by boats chartered by Ukrainian-American groups waving American flags and urging the entire crew to defect.

The Soviet sailors have responded by asking the demonstrators to send them up pizza, beer and Coca Cola. Efforts to serve Senator Helms's subpoena failed on Thursday night, when the ship's captain said that he was instructed by his Government not to accept until officials from the Soviet embassy arrived from Washington.

With the officials expected to arrive later yesterday, a meeting was due to take place on board the ship between the representatives of Congress, Soviet Governmeot, ships crew and, possibly, the sailor himself, who, according to some accounts, has been held in irons.

US customs officials now say they will enforce the subpoena by denying the ship permissioo to sail for the Soviet Union unless the order is obeyed. If the ship tries to leave without authorisation, the US coast guard will take steps to block its departure.

The saga began on the evening of October 24, when Miroslav Medvid jumped 40 feet into the Mississippi and swam ashore in New Orleans, apparently in search of political asylum.

After a peremptory interrogation, in which immigration officials now admit the correct procedures were not followed, he was returned struggling to the ship, only to leap again into the Mississippi.

Forcibly recaptured, he was again delivered to the ship, this time in handcuffs.

Then, io a second lotern... tion ashore, in the presence ... Soviet officials, Mr Medvid ... that he wanted to return to ... Soviet Union. He was put ... on the ship again and the ... ministration declared the ... "closed."

Mr Helms now says tha... soon as the ship is at sea ... Medvid is "a dead duck." ... while the ACLU agrees, ... of Mr Helms's Senate ... leagues do not.

"What happens," asks ... publican Senator Alan Sim... of Wyoming, "if a US ci... is in the Soviet Union, or ... soil in the Soviet Union, ... ing to go back to the US, ... suddenly receives a subp... from the Politburo of the So... Union?"

Death toll in Colombian siege rises to 80

BY SARITA KENDALL IN BOGOTA

AT LEAST 80 people are now known to have died in the Colombian Palace of Justice during a two-day siege which ended on Thursday when soldiers blasted through the walls of the building to end an occupation by M-19 guerrillas.

The assault took place after President Belisario Betancur refused to accede to the request of about 40 guerrillas for radio and television time to explain the movement'a aims as well as a nationwide debate on the peace process.

Yesterday President Betancur described the guerrilla operation as an absurd tragedy that should not be allowed to stop the Colombian peace process. In a apeech to the nation he said the Governmeot could "not afford to negotiate the unnegotiable" in the shape of the country's democratic institutions.

All the rebels were killed in the assault which left the Palace of Justice building a pile of rubble. Many of the bodies are proving difficult to identify and some jodges and palace employees are still missing.

President Betancur assumed full responsibility for the decisioo to reject negotiations with the M-19 guerrillas. He said he had consulted Colombia's former president, as well as the candidates for next year's presidential elections and coogressmen. The governmeot "continues to offer bridges for reconciliatioo and will rebuild them every time they are destroyed by the enemy," he said.

Among the 40 or so guerrillas who died io the Palace of Justice were five of M-19's leaders. Only a year ago, when M-19 made a peace agreement with the Government, one of them, Mr Andres Almares said in an interview that "M-19 would not fire another shot."

A hostage claimed Mr Almares shot the President of the Supreme Court in cold blood during the siege. Some of the guerrillas who took part in the attack on the palace had been amnestied by the authorities.

The peace commission responsible for negotiating agreements with Colombian guerrilla movements, has stopped all discussions with M-19. The commissioo will continue to work for peace with the Soviet-line Revolutioonary Armed Forces of Colombia (FARC) and other groups that bave shown a commitment to ceasefire agreements.


A Colombian army tank batters down the door of the Palace of Justice.

M-19's attacks have however, cast serious doubts on the Government's peace policies and put the military in a strong position.

Two Sikhs on air crash charges

By Bernard Simon in Toronto

TWO SIKH activists livin... Canada appeared in court u... heavy security on Vauco... island yesterday on va... charges stemming from the ... truction of Air India flight ... off the coast of Ireland ... June, and an explosion a... hours later in a bag... handling area at Tokyo's N... Airport.

Charges laid against the ... men, Mr Talwinder Singh ... mar and Mr Inderjit S... Reyat, include illegal posse... of explosives and making ... plosives with the intentio... endangering lives or ca... serious damage to prop... They were remanded in ... tody until a bail bearing ... Thursday.

Canadian police appea... have established a link betw... the Air India crash, which k... 329 people, and the explo... in Tokyo emanating from ... gage loaded off a CP Air f... from Vancouver.

Two baggage handlers ... killed io the Tokyo explo... The Air India flight origin... in Toroото, According to ... reports, tickets with con... tive members were bought ... the two flights. Although ... ticketholders checked bag... on the flights, neither boa... the aircraft.

The 150,000-strong Sikh ... munity in Vancouver has pl... an active role in prom... Sikh separatism in India.

Work days lost

Some 109,300 working ... were lost because of strik... Australia during July, ... sharply from 55,800 in ... according to figures release... the Australian Bureau of S... tics yesterday, AP-DJ re... from Sydney.

Lufthansa faces strike as pay talks fail

BY PETER BRUCE IN BONN

ALMOST a third of the workforce at Lufthansa, the West German national airline, were poised to go on strike yesterday following the collapse of pay-and-conditions talks between Lufthansa management and one of the country's biggest public-sector trade unions, OTV.

The OTV leadership decided late on Thursday night to call a strike of its 6,000 members at Lufthansa after union negotiators declared that their efforts to win agreement on sharing out DM40m (£10.2m) available for profit-sharing from 1984 had failed.

Lufthansa's offer of DM 850 plus 6 per cent of a worker's monthly income, meaning an average DM 1,025 payout, bas been rejected by the unions who have been demanding a flat payment of DM 1,100.

Although the two sides are separated by only DM 75, union officials have begun to invoke a "question of principle" since talks broke down. The two sides have also failed to agree on a new deal for workers wanting to retire early.

The airline said yesterday it would go ahead and pay the money it had offered, in an effort, apparently, to dissuade OTV members obeying a strike call.

Earlier, however, an OTV official insisted the union's decision meant a strike would go ahead but was unable to say when or what form the action would take.

Lufthansa said it was well prepared for a strike of OTV members and would not be forced to stop flying.

OTV members with Lufthansa, mainly maintenance and despatch staff, last went on strike for 10 days in 1971.

Pinochet removes army general from junta

BY MARY HELEN SPOONER IN SANTIAGO

PRESIDENT Augusto Pinochet bas removed General Cesar Benavides, the army's representative to the ruling four-man junta, replacing him with General Julio Canessa, the army vice-commander, an officer considered unquestionably loyal to the regime.

The appointment, announced on television, is the second within the junta since August, when the commander of Chile's paramilitary police force resigned amid a scandal implicating 14 of his officers in a triple political murder.

The two changes represent the most significant shake-up in President Pinochet's 12-year rule.

An official army communique said General Benavides would occupy a "post of exclusive confidence" under the President, but did not specify what that position would be. Reports of General Benavides' impending departure from the junta had circulated for weeks, prompting official denials.

General Canessa's designation was accompanied by four other army promotions, including the appointment of General Santiago Sinclair, the former Secretary-general to the President, to the post of army vice-commander. Both generals Canessa and Sinclair have completed more than 40 years of active service, after which they would normally be obliged to retire. Both have remained in active service at the behest of President Pinochet.

Over the years Gen Pinochet has consolidated his control over the army by carefully placing only the most loyal officers in strategic posts close to his command.

The importance of choosing the right collaborators has increased in recent months as Chilean opposition groups have sought a dialogue with the junta to discuss alternatives to the regime's slow timetable for a return to civilian rule.

Biggest Greek car assembly plant to close

By William Hall in New York

GREECE'S biggest car assembly plant is scheduled to close early next year following a decision by General Motors, the world's biggest car manufacturer, to atop assembling cars in the country, because it is more efficient to import them from elsewhere.

General Motors, whose Opel cars have been assembled under contract in Greece since 1981, confirmed yesterday that it was not going to renew the assembly contract with Greece's commercial automobile company when it expires at the end of the year.

It expects assembly of its Opel cars, the top-selling car in the Greek market, to finish by the end of next March.

Last year, Geoeral Motors sold just under 10,000 cars in Greece and the bulk of these have been supplied from an assembly plant 17 miles northwest of Athens. The plant has a capacity to produce 14,000 cars a year on a two-shift basis.

General Motors said yesterday that it made "more business sense" to supply the full range of Opel cars from its other overseas plants.

Turkish current account balance improves

By David Barchard in Ankara

TURKEY'S current account balance improved more rapidly than expected during the first eight months of this year, with the deficit falling to $244m (£174m) from $459m.

A sharp rise in tourism's net earnings and the remittances from workers abroad, together with a surge in exports during August, was responsible.

The current account deficit is now expected to fall to around $800m by the year end compared with $1.4m in 1984. The improvement is particularly striking because it comes at the start of the "hump" years in Turkey's debt repayment schedule. So far this year, interest payments alone have risen to $1.1bn.

However, Turkey's basic balance deficit (requirement for foreign finance) has risen in the same period to $881m compared to $640m during the same period last year because of the burden of principal repayments.

Burton sheds Debenhams' head and seven directors

BY MARTIN DICKSON

MR ROBERT THORNTON, chairman of Debenhams, and seven of his 10 fellow executive directors, are to leave the department stores group in a management shake-up following the take-over by Burton Group in August.

Their departure will mean a sizeable "golden handshake bill —possibly in excess of £1m— since all are on service contracts of varying duration. Burton declined to discuss the issue yesterday.

They will be leaving in January at the end of a five month handover period.

Burton is retaining only two executive members of the old board in a team of nine being established to run Debenhams' 67 department stores. They are Mr Kenneth Marks, who becomes director of the home section and Mr P. Carr, who will be in charge of menswear and services.

Mr Edward Rayne, who was also on the old Debenhams board, will continue as executive chairman of Harvey Nichols, the Knightsbridge department store, and various Debenhams shoe companies, including Lotus.

Mr Ralph Halpern, Burton's chairman, will become chairman of Hamleys, the toy shop in London's Regents Street owned by Debenhams, where the existing management will remain.

Robert Thornton: set for golden handshake

The Debenhams executive board members leaving include Mr Eric Crabtree, the deputy chairman, Mr David Hillyard, the finance director, Mrs Helen Robinson, responsible for group style, Mr Andrew Noble, Mr Steve Quinn, Mr Brian Richman and Mr Nicholas Webster. Also going are Mr John Seth, a non-executive director, and Mr Kenneth Bishop, a director of a large number of subsidiary Debenhams companies.

Burton is establishing a new financial services sector organisation, headed by Mr Michael Wood, the group finance director, which will bring together Debenhams large credit card operation, Welbeck Financial Services, and Burton's own credit card business.

The new department stores board will join Burton's existing two major divisional teams — menswear and womenswear — in reporting to the main board, Mr Rayne will report directly to Mr Halpern.

A property and shop development grouping is also being established.

Burton yesterday declined to comment on Press rumours that it might be preparing to sell Harvey Nichols and Hamleys to House of Fraser, the department stores group. It dismissed such reports as "unattributed and speculative."

Other members of the new department stores board include Mr G. White, formerly with Burton's womenswear sector, who becomes managing director of stores operations, and Mr J. Hanna, also from Burton womenswear, who becomes managing director responsible for Debenhams womenswear.

Rolls-Royce privatisation plan outlined by Minister

By Michael Donne, Aerospace Correspondent

THE GOVERNMENT has reaffirmed its intention to privatise Rolls-Royce, the state-owned aero-engine manufacturer.

Mr Geoffrey Pattie, Minister for Information Technology, who also has responsibility for the aerospace industry, said in a written parliamentary answer that the move had been decided on after advice from merchant bankers Samuel Montagu, the Government's financial adviser on the matter.

Mr Pattie said that the Government would reregister Rolls-Royce as a public limited company.

"Preparatory to reregistration, Rolls-Royce will apply to the court for confirmation of a reduction of capital under section 135 of the Companies Act 1985. A resolution to reduce the share capital was approved at an extraordinary meeting of the company on November 7.

Mr Pattie said the reduction would take the form of a cut from £1 to 25p in the nominal value of each of the 600m authorised shares, of which 508m are issued.

"This will reduce the nominal value of the issued share capital by £381m to £127m. Of the reduction, £372m will be utilised to eliminate the company's deficit on distributable reserves at December 31, 1984. The balance of £9m will be credited to a non-distributable reserve."

Mr Pattie said that Rolls-Royce operated at present with assurances—first given on February 22, 1973, and confirmed by successive governments—that the Government would ensure that the company's debts would be met in the event of a liquidation.

"The Government intends to ensure that on privatisation, Rolls-Royce will have an appropriate capital structure for such Government assurances for it to operate in the private sector without the need ances. I will make a further announcement about this in due course," Mr Pattie said.

The last Rolls-Royce financial statement, revealed that in 1984 the company earned a profit before tax of £26m, compared with a loss of £114m or 1983. In addition, net borrowings were reduced by £94m.

Rolls-Royce is part of a growing list of aerospace activities which the Government intends to returns to the private sector. Included are British Airways (with privatisation likely next summer), the British Airports Authority (some time late in 1986 or early 1987), and Short Brothers of Northern Ireland.

Further allegations over JMB collapse

BY IVOR OWEN

FURTHER allegations that fraudulent transactions led to the collapse of Johnson Matthey Bankers (JMB) in September last year were made by Mr Brian Sedgemore (Lab, Hackney South and Shoreditch) in the resumed debate on the Queen's Speech in the Commons yesterday.

He accused the Bank of England of allowing nine months to elapse after it acquired JMB before calling in the Fraud Squad and said "such scandalous conduct" of itself warranted the resignation of the Governor.

Mr Sedgemore ran through a catalogue of charges involving black market currency deals in Nigeria, the sale of a property in Chester Terrace, next to London's Regents Park, at below its true market value, and the tangled dealings between the Bank of England and Mr Mahmoud Sipra, the shipping, trading and film magnate.

He asked: "who would comprehend it—JMB goes bust and one year later David Walker, an executive director of the Bank of England, is describing the conduct of Mr Rodney Galpin an executive director of the Bank of England, as 'daft and inexplicable'."

"The Governor of the Bank of England is in a panic; the Chancellor of the Exchequer is perverting the course of justice; the director of public prosecutions is in a muddle; and the Export Credit Guarantees Department cannot explain how it was ripped off."

Mr Sedgemore alleged that Mr Ian Fraser, a director of JMB, had been running around for months "trying to plug the gaps of his own and other people's crimes—that lies at the door of the Governor of the Bank of England."

He said the police had been provided with the transcript of a tape recording in which Mr Fraser "admits to the fact that he is regularly engaged in black market currency deals in Nigeria."

Mr Sedgemore claimed that Mr Galpin told Mr Fraser to "keep his head down for three years," and that he would then be able to return to banking.

He said the Fraud Squad had discovered that Mr Fraser had a couple of mistresses who needed expensive entertainment and that Mr Sipra had stated that Mr Abdul Shamji had provided a flat for Mr Fraser in Mayfair.

Mr Sedgemore maintained that the information he had disclosed to Parliament made the case for a wide ranging inquiry into the events leading up to the collapse of JMB, "irrefutable."

Mr Timothy Raison, Minister for Overseas Development, rejected "with contempt" Mr Sedgemore's allegations about the Government's role in the JMB affair.

He described the charge that the Chancellor of the Exchequer was perverting the course of justice as "baseless" and recalled that Mr Nigel Lawson had already told Mr Sedgemore: "If there are any matters for the police to pursue, I am confident they will do so."

The debate will be resumed on Monday.

The Bank of England said last night that it would reserve any comment on Mr Sedgemore's allegations until it had received a copy of Hansard. Mr David Walker, the executive director who is also chairman of JMB, has already denied in a letter to Mr Sedgemore that Bank officials were involved in any crime or fraud conspiracy with regard to JMB.

Attempt to limit Gomba receivers rejected

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT to limit the powers of receivers appointed by Johnson Matthey Bankers to companies in the Gomba Group failed in the High Court yesterday.

The restrictions were sought by 18 companies in the group and by its founder, Mr Abdul Shamji, who complained that the receivers—two partners in the City firm of chartered accountants Price Waterhouse —were dismembering the group and destroying its business.

The court was asked to freeze the receivership pending Gomba's application, likely to be heard in about two weeks, to have the receivers, appointed by JMB under a debenture, superseded by Mr Ian Bond of Deloitte Haskins & Sells as court-appointed receiver.

Such an appointment would continue until judgment in an action, recently started by Mr Shamji, to seeking a declaration that the Price Waterhouse receivers were wrongfully appointed and should be removed, and to seek damages.

Refusing to impose any restrictions, Mr Justice Hoffmann said that if the receivers were to damage the group, Gomba could be adequately compensated by an award of damages.

If, however, JMB were damaged by restrictions that stopped the receivers realising Gomba assets, the bank would have no effective remedy. Gomba's counsel having conceded that any undertaking it might give to pay damages to JMB would be worthless.

During the hearing yesterday it emerged that:

- Gomba Group's total indebtedness to JMB is about £21m.
- Gomba's valuation of its underlying assets is about £30m, and that figure is disputed by the receivers.
- JMB has issued a writ against Mr Shamji, claiming £5m under his personal guarantee that was part of the security for loans to the group.
- Mr Shamji is in contempt of court, in having failed to meet a court-imposed deadline for disclosure by him personally of details of the assets of Arya Holdings, a Jersey company and the ultimate group holding company.

The judge said that, on September 28, JMB had agreed that if payment were made within 21 days, it would accept £14.6m and a £2m promissory note from Mr Shamji instead of the £21m.

The agreement also provided that for the 21 days to be extended by 14 days, if JMB were satisfied that Gomba's negotiations with Lnrhoo for the refinancing of the group were going well.

When the 21 days had ended, JMB decided the negotiations were not proceeding expeditiously and so took the view it was not obliged to grant the 14-day extension. JMB appointed the receivers, who had been since in substantial control of the group.

Gomba alleged that JMB had broken the September 28 agreement, and claimed that it (Gomba) was still entitled to redeem its debt to the bank by paying £14.6m and giving the £2m promissory note.

It argued that its ability to do that depended on the continued existence of the group in its present form.

It wanted the receivers, who had already sold some Gomba assets, ordered not to dispose of any others, not to dismiss Gomba employees, not to call in inter-company or group loans, and not to do anything to prejudice the interests of Gomba companies, creditors, guarantors or shareholders, including the exercise of voting rights.

Gomba claimed that Mr Bond's view was that the group could be run as a going concern, without detriment to creditors, on the basis of a £175,000 loan that was available.

The receivers said they were engaged in a number of delicate negotiations which would be hampered if restrictions were imposed on their powers. Also, JMB's ability to realise its security could be damaged.

All in all, the judge concluded, it would not be right for him to interfere with the conduct of the receivership.

Air crash compensation agreed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

COMPENSATION running into "millions of pounds" is expected for the relatives of victims of the Manchester air disaster on August 22, when a British Airtours Boeing 737, taking off for Corfu, caught fire, killing 55 of the 137 passengers and crew.

Lawyers representing relatives of the victims — with legal representatives of British Airtours, Boeing and Pratt & Whitney (maker of the aircraft's engines)—have been busily seeking an out-of-court settlement in recent days.

Mr Roger Pannone, spokesman for the lawyers representing the relatives, said yesterday that an agreement had been reached. No figures would be released immediately but "compensation will be very substantial," he said.

"I am very pleased. Anything that produces a settlement, which means that people don't have to wait a long time and go to litigation, is very good."

If the settlement had not been achieved, litigation was likely in the US courts, which would have meant months, if not years, of waiting for recompense.

Later, it was stated on behalf of the parties involved that a settlement formula had proved "acceptable to the leading insurance underwriters of British Airtours, Boeing and Pratt & Whitney.

"The next stage before final settlement is that the formula will be put to the other insurers involved.

"Simultaneously, the steering committee will be advising claimants and their solicitors that the terms, details of which cannot at this stage be revealed, are fair and reasonable, and should be accepted."

Changes on board at Memcom

By Martin Dickson

MEMCOM International Holdings, a manufacturer of electronic filing systems, is reorganising its board following the resignation of both a non-executive director and its merchant banking financial adviser because of disagreement about management structure.

Mr Ben Owens, currently the chairman and chief executive, is to become president, devoting more of his time to research, sales and marketing. The company is looking for a new chief executive. It has appointed Mr Keith Whitten as non-executive chairman and Mr Nigel Eldred as a non-executive director.

The change comes two months after Memcom, which was listed on the Unlisted Securities Market in February, warned that it was likely to make a significant loss for the half-year to the end of October. The company had pre-tax profits of £1.1m in the year to April.

Memcom announced yesterday that Mr Ron Marler, a non-executive director, had resigned because of "a divergence of views and, ultimately, disagreement over appropriate measures to be taken to strengthen the management and business."

Mr Robert Fleming, the company's merchant bank adviser, has also resigned. Mr Fleming declined to comment yesterday but Mr Keith Whitten, the new non-executive chairman, said that both the bank and Mr Marler had expressed similar views about the company's management structure.

Following their departure, the company has itself decided on substantial board changes.

Covent Garden to be hit by musicians' strike

BY OUR LABOUR STAFF

ALL OPERA and ballet performances at the Royal Opera House, Covent Garden, have been cancelled from next Tuesday over a pay dispute with the resident orchestra.

Sir John Tooley, general director of the opera house, said yesterday there was "always a risk" of the shutdown becoming permanent. Budgeting was "hand to mouth" and the closure would cost up to £200,000 a week in lost revenue.

The 112 members of the orchestra, members of the Musicians' Union, have claimed a 10 per cent pay rise and a one-week mid-season break. They have rejected an offer of 7.5 per cent.

Interviewed on BBC Radio 4, Sir John said he sympathised with the musicians and would like to pay them more, but "there is just a point beyond which you cannot go in establishing a wage settlement."

The orchestra, which is said to earn overtime and other benefits adding about 30 per cent to the basic wage of £195 a week, has voted for a strike from next week. The opera house is offering refunds to ticket-holders but is continuing to take forward bookings

BP Oil chief named

BY MAX WILKINSON, RESOURCES EDITOR

MR DAVID KENDALL, the 50-year-old former finance and planning director of BP Oil, was yesterday appointed managing director, the company announced.

Mr Kendall, who has been acting managing director since the recent death of Mr Ian Walker, joined Shell-Mex and BP in 1963 and moved to BP in 1968. He has been managing director of BP companies in New Zealand and the South West Pacific before returning to the UK as planning director.

An accountant by training, he has been closely involved in the tightening of financial disciplines during the internal restructuring of BP in the last few years. He also takes a strong interest in marketing and has stressed the importance of this in the consolidation phase which he sees ahead.

He is married with four children.

- Lindsey Oil Refinery owned equally by Petrofina UK and Total Oil Great Britain yesterday announced it is to go ahead with a £20m project for refining materials designed to eliminate lead from petrol.

These are Methy Tertiary butyl ether and tertiary amyl methyl ether. The plant will start production in 1987.

Bids made for ailing aircraft manufacturer

By Our Aerospace Correspondent

SEVERAL formal bids were made yesterday for Edgley Aircraft, the manufacturer of the Optica light surveillance aircraft, now in receivership. Details were not disclosed however.

One bid was made by Mr W. Purbrick, the company's former sales and marketing director, who was among the 240 employees made redundant when Edgley was taken over by the receiver last month.

It is thought that Mr Purbrick's bid was one of four made to Mr Chris Barlow, the receiver, before yesterday's 9 am deadline.

Public borrowing set to rise

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE TREASURY is expected to revise upwards its forecast for public borrowing this year in response to falling revenues from North Sea oil.

Mr Nigel Lawson, the Chancellor, is due to review the outlook for the 1985-86 public sector borrowing requirement (PSBR) in Tuesday's Autumn Statement on the economy.

The expectation in Whitehall is that the Treasury's latest forecast will show borrowing at perhaps £1bn higher than the £7.1bn predicted in the Budget last March. That would be in line with the forecasts of most City economists. Who expect a PSBR of between £8bn and £8.5bn.

The Government still confident that it will stick it its spending target of £134.2bn this year, even though its £5bn contingency reserve has been depleted by spending overruns in several sectors.

Revenues, however, are likely to be hit by the fall in oil prices and by the rise in the sterling/dollar exchange rate, both of which will reduce the Government's receipts from the North Sea.

Mr Lawson predicted in the Budget that revenues from the North Sea would total £13.5bn this year, but many independent forecasters believe that that figure has now fallen by at least £2bn.

Some of the shortfall will be offset by higher-than-expected revenues from income and indirect taxes, but the balance will have to be made up from an increase in borrowing.

- Mr Kenneth Baker, the Environment Secretary, who this week won extra cash from the Treasury for housing repairs, yesterday rejected the suggestion that there had been a battle between ministers over spending policy.

Speaking in Surrey, Mr Baker said the public should ignore press speculation about "Whitehall in-fighting and blood on ministerial carpets."

The increase in provision for public housing renovation, he said, was a collective decision fully in line with the Government's determination to stick with its overall public expenditure total.

Mixed response to parental leave plan

BY DAVID BRINDLE, LABOUR STAFF

PROPOSALS to extend to the UK the right of parental leave, common elsewhere in Europe, have been rejected unanimously by employers responding to Government consultation.

All 30 responses by employers or their organisations rejected the proposals in a European Commission draft directive. Two-thirds of them did so primarily on the grounds of the increased costs implicit therein.

However, all 11 responses by trade unions or employee organisations were in favour of parental leave legislation, as were 15 of the 17 comments by statutory, professional and voluntary groups, and those of the 25 of the 30 individuals who responded.

Ministers have not concealed their distaste for the draft directive, which envisages a right throughout the EEC for the father and mother of a child to take three months leave from work to care for it before the age of two.

Announcing the results of the consultation yesterday, Mr Peter Bottomley, a junior employment Minister, said in a written parliamentary answer: "We believe these matters are best pursued by voluntary negotiations between employers and employees and that legislation of this nature would be damaging to the prospects for jobs."

Most responses favouring parental leave legislation argued that it would facilitate equal opportunity by helping mothers to pursue a career while caring for a child, and by encouraging fathers to greater participation in child care.

'Keays was burgled to protect PM'

By Ivor Owen

MEMBERS OF THE security services were accused in the House of Commons yesterday of burgling a south London flat as part of a "cover-up" operation to protect the Prime Minister.

Mr Tam Dalyell (Lab Linlithgow) said the home of Miss Sara Keays, the former mistress of Mr Cecil Parkinson, who resigned from his Cabinet post as a result of their affair, had been broken into in the hope of recovering a paper which showed that Mrs Thatcher had engaged in a "sustained deception" of the House over the sinking of the General Belgrano, the Argentine cruiser.

Mr Dalyell said the paper—and he stressed the copy he had seen had not reached him through Miss Keays—was a draft statement prepared by civil servants for Sir John Nott, then Defence Secretary, suggesting he should inform the Commons that the Belgrano was attacked at 8 pm on May 2 1982.

In the event Sir John had used the word "detected" instead of "attacked" in his statement to the House on May 4.

Mr Dalyell said: "The change from incomplete truth to downright deception was made by someone else and that someone else could only be the Prime Minister."

Mr Dalyell said Miss Keays had stated in her recently published book that the police had told her that a news blackout had been imposed on the burglary of her south London flat and that Downing Street had been informed.

He suggested the Director of Public Prosecutions would be failing in his duty if he did not ask the Speaker (Mr Bernard Weatherill) to hand over the copy of the draft prepared by the civil servants, which was in his charge.

MPs' speech limit 'should be continued'

By Peter Riddell, Political Editor

THE House of Commons experiment to limit backbench speeches to a maximum of ten minutes, apart from some debates, should be continued during the current parliamentary session, according to the cross-party procedure committee of MPs.

Over the past year backbench speakers have been restricted to no more than ten minutes in central sections of debate on second readings of Bills, on Opposition days and on government motions.

The committee concludes, in a report published yesterday, that the experiment has "had some effect in encouraging shorter speeches and in promoting a greater sense of fairness."

Fourth Report for the select committee on procedure, Short Speeches, House of Commons Paper 623, £3

Arthur Sandles on the fears of independent travel agents caused by direct selling of package tours

Thomas Cook moves to the frontline in the holiday price war

THOMAS COOK'S decision to "go direct" with its package tours — selling them exclusively through its own shops — is not just the latest twist in the holiday price war. It also fulfils one of the worst nightmares of the independent travel agents.

Direct sale travel accounts for a large percentage of the British holiday market — how large is guesswork but large enough to give retail travel agents sleepless nights.

With Thomas Cook showing the way, many in the industry worry Thomson will follow suit. The implications for retailers are considerable since it is Thomson to whom travel agents look for more than a fifth of their package commission income.

It might be said that Thomson has already made preliminary moves. In the 1970s it set up Portland Holiday, a company which bypasses agents and the need to pay them 10 per cent.

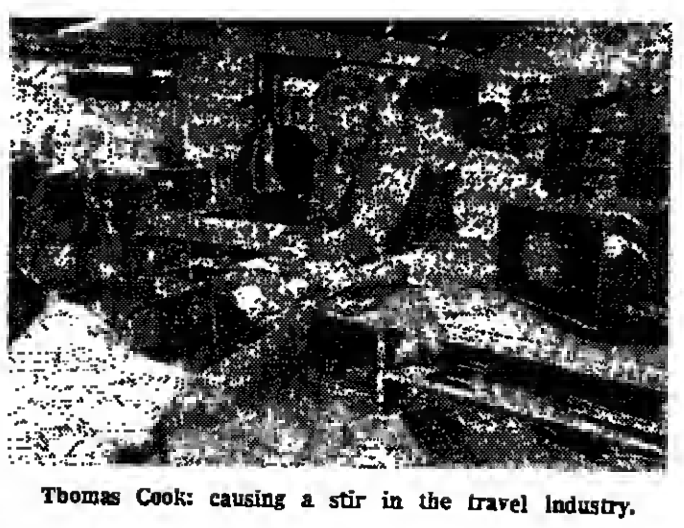
Portland will have carried around 200,000 holidaymarkers this year. It has been building up its own travel agency chain under the Lunn Poly banner which, until recent acquisitions widened the gap, began to rival Cooks.

Meanwhile Thomson has been building up its computer systems to such an extent that telephone reservation clerks are becoming redundant. Could travel agents follow suit? Absolutely not, says Thomson.

"They deny it but if they were planning to go direct one day I cannot see any better route to follow than the one they are taking at the moment," said a rival retail chain director.

Until Thomas Cook shows what it can do under the direct sell scheme, Portland must be regarded as the market leader. Thomson, however, is not alone in having a direct sell operation which it is not keen to discuss publicly. British Airways has the Martin Rooks Brand, much older than Portland and only a little smaller.

The third largest is Tjaerborg, the UK offshoot of the Danish operation. It has stepped up it ambitions in Britain over the past few months and is hoping to carry 80,000 UK residents on holiday to Mediterranean destinations over the next 12 months. Not far behind



Thomas Cook: causing a stir in the travel industry.

Tjaereborg in numbers is the Travel Club of Upminster, run by the energetic Harry and Rene Chandler.

This group does not operate in isolation. Direct selling is prevalent in the villa market —beach villas, for example — and in French self-catering units. UK holiday companies, such as Butlins, sell through travel agents but attract a substantial part of their business

Travel agency fears of direct sell are not based on the only direct

losing commission. There is some evidence that in the past two years travel agency income has been falling, and not just in real terms.

The number of travel agency outlets has been increasing rapidly while the number of Britons travelling, in the past year at least, has fallen. In other parts of the world the formula differs slightly but the growth in the number of agencies is universal.

With the number of agencies increasing, the price war means that even a 10-15 per cent rise in bookings would not compensate for a 20 per cent fall in prices — unless some pundits' predictions prove correct and customers trade up.

The inclination of tour companies and airlines to "go direct" with part of their bookings has agents around the world thoroughly rattled. New technology is making it much easier for airlines to issue tickets by machine — the customer puts a credit card in one slot and a ticket comes out of another — and for customers to view schedules and tour programmes at home on television or computer screen.

The subject has come up again and again at a series of conferences this month. It has been the undercurrent at the International Airlines Association meeting in Hamburg, at the Association of British Travel Agents gathering in Sorrento and at the Universal Federation of Travel Agents Associations convention in Vienna. No doubt it will crop up at the American Society of Travel conference in Rome next week.

The problem for agents is that they are selling expertise, an intangible asset. The agents are in trouble if the public believes their television screen will give them equal service.

Chains are getting larger because of the spread of new technology in national markets. In the UK there has been a rush for growth by Cooks, Lunn Poly, Pickfords and Hogg Robinson. Internationally, co-operative trading groups are growing. Hogg Robinson is part of the Woodside worldwide grouping. Pickfords has just signed a similar global deal to match and, it would claim, exceed the worldwide cover of established chains like American Express and Thomas Cook.

This is all very nerve-wracking for a small retailer trying to exist on 10 per cent revenue from his package tour sales, and 7.5 per cent from UK domestic airline tickets. The heat in the kitchen is building.

Miller expected to be re-elected as Lloyd's chief

By John Moore, City Correspondent

MR PETER MILLER, chairman of the Lloyd's insurance market, is expected to be re-elected by members of the ruling council next week.

Mr David Coleridge, one of the three deputy chairmen of Lloyd's and head of Sturge Holdings, one of the largest underwriting agencies in the market, is likely to step down and Mr Michael Cockell, a member of the council and an underwriting agent, is expected to be elected as a deputy chairman.

The changes were decided by an executive committee of the Lloyd's council, formed of 16 working members, in the last few days. The 16 working members on the committee form the core of the Lloyd's ruling council of 28 members.

Mr Coleridge's agency company is expanding rapidly and is one of the largest units in the Lloyd's market.

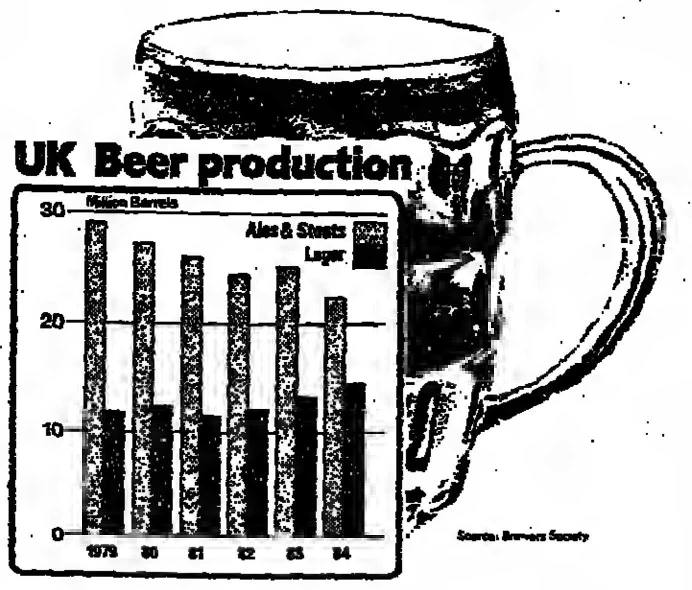
هكذا من الأصل

Lisa Wood on takeover nerves in the brewing industry

The bitter fears of the half-pints

THE GOVERNMENT is expected next week to announce its decision whether to allow a £100m-plus bid to proceed for Matthew Brown, a north of England brewer, by Scottish and Newcastle, one of the "big six."

The bid was the subject of an investigation by the Monopolies and Mergers Commission, whose report is being scrutinised by the Department of Trade and Industry. There is speculation that the bid will be approved. Matthew Brown's share price closed at 520p, up 42p on the day. The share prices of other regional brewers also went up strongly.



Regional brewers fear that should it be approved many of them could be vulnerable to predators. Mr Paul Nicholson, chairman of Sunderland-based Vaux Breweries, said: "If this bid is allowed to proceed there is no reason why other national brewers will not make bids for other regionally-based companies."

He warned that a decline in beer sales had left the industry with spare capacity. National groups could find extra outlets for their own beer by acquiring smaller companies and shutting down their brewing plants.

Though the industry has the capacity to brew about 52m bulk barrels of beer a year the consumer is drinking only about 38m. Profits are increasingly being generated by treating pubs not just as places to sell large volumes of beer, but as broader retail outlets promoting food and a range of drinks.

By and large, it is the large brewers, which include Allied Breweries, Whitbread and Bass, that are leading the way in refurbishment and catering, and ownership of these retail outlets is at a premium.

But the share price of some regional brewers does not fully reflect these assets. The share price of one smallish Cheshire brewer, for instance, reflects a valuation of less than £100,000 a pub but on the open market pubs are commanding more than £150,000.

Regional brewers are nervous about the Government's decision. One declined to comment on his own company's feelings, saying: "We have to be very careful. The next few weeks are very important to us."

Companies seen as potentially vulnerable to bids include Vaux, Greene King, based in Suffolk, and Wolverhampton and Dudley, the Wolverhampton brewer. Possible predators include Courage, Watney Mann and Truman, Scottish and Newcastle and Whitbread. The big companies could argue they are not heavily represented in the affected areas, and therefore not creating a monopoly.

The make-up of the industry, with its six big brewers commanding about 75 per cent of total beer sales, was established in the 1960s and 1970s in a wave of mergers. This left about 70 smaller regional brewers, although several have turnovers of more than £50m and one, Greenall Whitley, has sales of more than £250m a year.

Over the past 10 years the growth of the Campaign for Real Ale has reflected the rejection by a section of the public of the mass-sale brands which the big brewers were selling in apparently uniformly decorated pubs. At the same time the regionals headed a return toward cask-conditioned ales. The brands included those from Boddington, the Manchester-based brewer, and Greene King with its Abbot Ales.

These developments led to the belief that the Monopolies and Mergers Commission would be hostile to further attempts by the big six to buy more breweries. Only last year organisations such as Camra helped get S & N's bid for J Cameron, the Hartlepool brewer of Strongarm, referred to the commission. The argument was that if S & N acquired Cameron's pubs it would have a monopoly of outlets in the north-east. S & N dropped the bid.

Mr John Dunsmore of Edinburgh-based stockbrokers Wood Mackenzie, said: "Many regional companies are now, however, coming under increasing competitive pressure." A reflection of this is how they are all trying to develop their lager interests in a market where lager is growing at nearly 10 per cent a year and is likely to command over 40 per cent of sales this year."

Other factors unfavourable to the regional brewers include:

- The growth in the take-home trade—some 15 per cent of all beer sales—in which only a few of the larger independent brewers have national distribution.
- Competition from the national brewers in the highly competitive free trade.
- High unemployment in areas of traditional heavy consumption of beer.
- The growing "added value" areas such as catering in which the regional brewers have less experience.
- Diversification into other associated activities such as hotels.

The regionals, whose strength tends to be in ales, have found it hard to fight for their own-brand lagers when the big brewers can put massive advertising spending behind their products in an image-conscious market.

While ales tend to have strong regional support, the lager market is more national. Carling Black Label (Bass), Carlsberg (Carlsberg), Heineken (Whitbread) and Skol (Allied) together share an estimated 54 per cent of the lager market.

Some regional companies such as Matthew Brown, with its Slalom lager, have found good niches for their products but many others are content to sell products brewed by national companies such as Whitbread, thus accepting lower margins than if they brewed their own.

The regionals argue that their presence is in the consumers' interests. Mr David Thompson, deputy managing director of Wolverhampton and Dudley, made his own submision to the commission on this issue.

"We invited the commission to look at the three main areas where beer prices are below the national average," he said. "These are Manchester, the West Midlands and Nottingham where prices range from around 61p a pint to 65p a pint. We compared these prices with those elsewhere where they were on average 75p to 80p a pint.

"The major characteristic of those areas with lower prices was the presence of healthy and independent brewery companies. One can only conclude that such competition is of benefit to the consumer."

The speculation is that the Matthew Brown bid will be approved unconditionally. If, however, the Government decides to stipulate that S and N might not close plant, for instance — then the whole furore could result in anticlimax because other big companies would see no advantage in buying a smaller company.

If the floodgates open, however, investors in regional companies could make big gains, as is shown by the rise in Matthew Brown's share price this week after the first rumours that the bid had been approved.

Whether a further wave of takeovers in the brewing industry would benefit consumers is open to debate. One City figure said: "As a stockbroker I am fully in support of market forces prevailing. But as a consumer I am more ambivalent. After all, people go into pubs for their individuality and not because they want a clone of McDonalds."

BP Oil faces legal action on job cuts

By Robin Reeves

THE TRANSPORT and General Workers' Union yesterday announced the opening of additional legal proceedings against BP Oil for alleged breach of EEC law in last April's announced end to oil refining with 730 redundancies at its Llandarcy refinery, near Swansea.

Mr George Wright, the union's Wales secretary, claimed BP's action was contrary to the key clauses in an EEC Council of Ministers' directive, approved in February 1975. This requires companies to inform unions of planned, large-scale redundancies.

The directive states: "Where an employer is contemplating collective redundancies, he shall begin consultation with the workers' representatives," and that "the employer shall supply them (the representatives) with all relevant information."

Mr Wright said that the union believed BP had failed to do this. If its action was successful "then the redundancies at Llandarcy will be rendered ineffective," he added.

The union has already opened proceedings against the company on behalf of its refinery members for alleged breach of the EEC's competition laws. This is because, in announcing the refinery was to close, BP Oil also stated that those customers who had received their fuel supplies from Llandarcy would in future be supplied in the main by an arrangement to process a smaller supply of BP's own crude oil at Texaco's Pembroke refining facility.

In the competition hearing, BP Oil was granted a stay of the action in the High Court last month, pending a ruling on the union's complaint from the EEC Commission's competition directorate.

BP confirmed yesterday that it has been pressing ahead with discussions on voluntary redundancy with workers at Llandarcy.

"When this process is complete, we shall be in a position to consider whether, and to what extent, compulsory redundancies will be necessary," the company said.

UDM wins bonus award for working during dispute

BY HELEN HAGUE, LABOUR STAFF

MINERS who worked throughout the pit strike in Nottinghamshire and South Derbyshire are to receive bonus payments based on attendance at pits during the dispute which will give them up to £100 bonus pay.

The deal, struck yesterday between leaders of the Union of Democratic Mineworkers and the National Coal Board, was announced hours after a High Court decision which will boost the breakaway Nottinghamshire area's finances.

Mr Justice Mervyn Davies ordered Mr Michael Arnold, the receiver who controls the National Union of Mineworkers' funds, to hand over to the Notts breakaway union the bulk of an estimated £100,000 of union contributions from miners in the Notts area which have been frozen.

But he directed Mr Arnold to retain £36,317 of the total of contributions made to the national union during the strike from the Notts area pending the resolution of the NUM's claim that at least that sum is due to it.

MR ARTHUR SCARGILL and other senior officials of the National Union of Mineworkers have signed legal documents which will free £4m of the union's funds, frozen since being brought back from Luxembourg by the court appointed receiver.

The money had been frozen to back an indemnity given by the receiver to Nobiz-Finanz International against the possibility of being sued by the NUM for handing over £4.9m to him earlier this year.

The £100.00 is only part of the union's contributions collected from Nottinghamshire's 27,000 miners since the area council voted to break from the NUM on July 6.

Before the receivership of the NUM's assets, members' contributions were sent direct to the NUM's Sheffield headquarters by the Coal Board. The NUM then returned a percentage to the areas as their share.

With the appointment of the receiver last December, all contributions went to Mr Arnold and were frozen. In May, the judge ordered him to pay out the percentage due to the NUM areas.

Yesterday's order relates to a proportion of the money received which the UDM argues is no longer payable to the NUM because the new union's members are no longer members of the national union.

Counsel for the NUM opposed the making of yesterday's order, but the judge, who said the union was still in contempt of court, refused to grant it an adjournment.

The NUM argues that the breakaway is unlawful. But Mr Philip Heslop, QC, for the receiver, said that another high court judge, rejecting an NUM bid earlier this year for an injunction halting the split, had ruled that the vote on July 6 had legally taken the Nottingham miners out of the national union.

Call for Shah to meet unions

BY HELEN HAGUE, LABOUR STAFF

THE ELECTRICIANS union, which has signed an outline single-union agreement with Mr Eddie Shah's News (UK) for the launch of his newspaper next spring, is to ask him next week if he will meet other print unions.

The EETPU agreed to make the request to Mr Shah during a meeting of a subcommittee of the TUC's Printing Industries Committee yesterday.

The two traditional print unions, the National Graphical Association and Sogat '82, have written separately o Mr Shah seeking talks on representation. They have so far been rebuffed.

The EETPU and News (UK) are due to sign a detailed agreement by the end of the year. The NGA has indicated it will make an official complaint under the TUC's Bridlington procedures, which cover the poaching of members, if the deal is concluded.

The PIC yesterday issued a statement demanding that Mr Robert Maxwell, publisher of Mirror Group Newspapers, withdraws dismissal notices issued to MGN's 6,000 employees. The committee will met again on November 19 to consider a joint plan if the notices have not been withdrawn.

Mr Maxwell has warned that unless union agreement to shed a third of the workforce is secured by the end of the month, he will shut the titles and reopen them in 15 months' time, when printing will be transferred to his British Newspapers Printing Corporation.

Ships' pilots vote on joining TGWU

BY DAVID BRINDLE, LABOUR STAFF

MEMBERS OF the 101-year-old association representing most of Britain's 1,400 ships' pilots are voting on a recommendation to join the Transport and General Workers' Union.

Leaders of the UK Pilots' Association say the move reflects their members' anxiety at the Government's proposals to decentralise the pilotage service to local port authorities and to shed perhaps 600 posts.

Mr Neil Walker, the association's chairman, said yesterday: "If the Government wants to classify us as port workers, we will take up membership of the TGWU very happily — even though many pilots are chairmen of local Conservative associations and so on."

The association, which would become part of the TGWU's docks and waterways section, has set a high target of 80 per cent of the votes cast in its ballot to approve the merger. However, Mr Walker said he was confident the target would be achieved.

About 200 pilots are already members of the TGWU

Survey warns on tourist trade

By Arthur Smith, Midlands Correspondent

A SHORTAGE of accommodation for overseas visitors and rising prices could damage Britain's rapidly growing tourist trade, according to a survey published today by the British Incoming Tour Operators' Association.

The UK is seen as expensive and hoteliers take a "blasé and negative attitude" to tourists, says the association, which represents the bulk of tour operators bringing foreign visitors into the country.

The association, which is holding its annual conference in Birmingham, will present the findings of its survey to the industry today. Mr John Boon, the chairman, said last night the UK risked losing business because of the tag of a high cost area.

The association conducted the survey to give a factual base to complaints about overbookings, London space being fully taken and a decline in service standards.

He said the information was intended to help the industry take advantage of the upturn. The number of foreign visitors is expected to rise by 12 per cent this year to 15m.

Identified as "black spots" where operators could not obtain hotel space, even outside the summer months, are London, Edinburgh, Bath, York, Stratford and Chester.

The survey says there are shortages because hotels favour general commercial business and hold rooms for full-cost letting on a casual basis.

The association finds the lack of space at competitive prices for its member means the tourist business is going overseas, particularly to Italy, Greece, France, West Germany and Israel.

The survey shows the price of hotel rooms rising by around 15 to 30 per cent over the last 12 months. Mr Boon said the increase in prices was not related to the upgrading of accommodation.

"It comes as a shock to overseas visitors who believe UK inflation is running at less than 6 per cent."

He said the pressure on the prime tourist centres meant his members were able to spread business among less favoured places. Birmingham, for example, was benefiting as a centre from which to explore Warwick and Stratford.

He said 10 years ago it would have been impossible to get tourists to stay in centres such as Birmingham, Liverpool and Glasgow. These are growing locations which could economically benefit depressed areas.

Procter to build UK nappy plant

BY NICK GARNETT, NORTHERN CORRESPONDENT

PROCTER AND GAMBLE, the soap, detergents, chemicals and food oils group yesterday announced a £17m investment project to produce disposable nappies in the UK.

The company will build a new plant at its Trafford Park site near Manchester to make its Pampers brand of disposable nappies for the British market. The plant is expected to be finished by the end of next year.

The company, which employs 2,500 in the UK and is part of the US-owned Procter and Gamble group, now manufactures this product for the UK at its factories at Euskirchen and Crailsheim, in West Germany.

UK sales of disposable nappies have risen from 500m, worth £37m, in 1980 to a projected figure for this year of 1.6bn, worth £190m. The product is made from wood pulp which is "fluffed" and encapsulated in a plastic back sheet.

Proctor and Gamble's main UK competitors are the French company Peaudouce, Colgate with its Snugglers brand and Robinson's of Chesterfield.

Mr Jan Van Horne, general manager of personal care products for Proctor and Gamble, whose main brands include Ariel, Fairy Liquid and Bold, said the investment was a further commitment to the company's UK future. The company envisages further investment later.

The new plant will employ 175 people, mainly drawn from its other sites.

The site, which Procter and Gamble has used since 1934, is in the Trafford Enterprise Zone and the new plant benefits from a seven-year rent-free period. The company acknowledged that the securing of an industrial development grant as a result of Trafford's intermediate area assistance status was an important element in its decision to build the plant there.

Procter and Gamble is one of nine companies that have formed themselves into a pressure group seeking environmental improvements for Trafford Park. The Government announced last week a £100,000 study into how improvements might be made.

QC changes view on bank's owners

FINANCIAL TIMES REPORTER

THE SCOTTISH QC who in 1979 gave the central board of the Trustee Savings Bank the legal opinion that all of the assets of the bank belonged to its members who were depositors, which started a series of court actions, yesterday took the opposite view.

Mr John Murray QC, who represented the trustees and the central board of the bank, yesterday told Lord Davidson in the Court of Sessions in Edinburgh that if the bank was not a legal entity then it would be an unincorporated association and the question would then arise who were its members.

There was laughter in court as Mr Murray added: "I have had the benefit of one who has had the opportunity of reconsidering the matter and on a mature consideration it is perfectly plain that the members of the bank are not the depositors."

He said people who deposited money must be other than those who formed the society. A clear distinction was drawn in the legislation between members of an institution and the depositors in that institution.

He adoped the arguments put forward by Lord Cameron, the Lord Advocate, representing the Treasury, and asked the judge to refuse to make any order.

Mr James Ross, a retired civil servant, has asked the judge to rule that the assets of the bank are the property of its members who are the depositors. They would remain the owners of the assets unless the Treasury fixed a vesting day for the transfer of its £1bn assets to a limited company with an offer of shares to the public.

Any order by the Treasury would divest members of their property rights without compensation.

He also claimed that under the European Convention of Human Rights a person has a right to the peaceful enjoyment of his possessions.

If his case fails, Mr Ross plans to go to the European Court of Human Rights.

Lord Davidson said he would give his decision on Tuesday.

ECONOMIC DIARY

MONDAY: Retail sales (October-provisional). Producer price index numbers (October-provisional). EEC Energy Council meets in Brussels. Mrs Margaret Thatcher attends Lord Mayor's banquet at Guildhall. BIS monthly meeting in Basle. Ford pay talks. Lucas results. Burnham Committee meets on teachers' pay dispute. Health service ancillary workers make pay claim.

TUESDAY: Chancellor's autumn statement. Building Societies' monthly figures (October). FT/Venture Economics conference "Venture capital in 1985 — the international outlook" in Geneva (until November 13). CBI publish report on improving British industry. Unilever third quarter results.

WEDNESDAY: Index of output of the production industries (September). Engineering industry pay talks. OECD working party meets on international monetary issues.

THURSDAY: Capital expenditure by the manufacturing and service industries (third-quarter provisional) Manufacturers' and distributors' stocks (third-quarter provisional). London sterling certificates of deposit (October). UK banks, assets and liabilities and the money stock (mid-October). Provisional figures of vehicle production (October). EEC Transport Council meets in Brussels. NUM applies for lifting of sequestration order. Western European Union ministerial conference in Rome. OECD economic policy committee starts two-day meeting in Paris. ITC reconvenes emergency session on tin markets. US October retail sales.

FRIDAY: Tax and price index (October). Retail price index (October). Usable steel production (October). US producer price index, industrial production (October).

Aid to shipyard totals £36.5m

By Our Belfast Correspondent

THE GOVERNMENT has authorised a further £36.5m support for the Belfast shipyard Harland & Wolff — £1m less than the level of state support last year.

Northern Ireland Secretary Mr Tom King, announcing the decision in a written Commons reply, said the money would be available for the continued support of the yard in the current financial year. However, the aid was accompanied by a warning that increased efficiency remains the key to improved prospects for the yard.

Mr King said the Government recognised the importance of the company to the Northern Ireland economy.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday November 9 1985

Tin price and its message

WHEN the economic historians get round to November, 1985, it seems likely that the tin market crisis will still look like an importanj event. Sheikh Yamani's warnings of a possible price war in oil in 1986 will get a mention if he proves to be right, but not if he is wrung. Our own Queen'a speech this week, and probably even the Autumn Statement due next weak, will be lucky to get a footnote. The outside world is changing, hut Mrs Thatcher's policies are not.

This ought to be regarded as good newe for us. Happy is the nation without history, and correspondingly happy is the nation that can keep ont of the history books even for a month or two. It is too early, though, to celebrate thie low-profile achievement. Governments do bave to respood to outside events, and their policies may not be as steady as they sppear.

The significance of the tin crisis—uolike, say, the Bunker Hunt silver crisis a few years ago—is tbat it does fit in to the broader economic picture only too neatly. For about a year now American officials, becked by international bodies like the OECD and by many private analysts, have been warning us thet an American slowdown could make a nasty dent in world demand.

Commodity price weakness is often an early sign of an International downturn, since the demand for raw commodities reflects forward production plens rather than current demand. The all-commodity index has fallen 5 per cent this year in dollers, when the dollar itself has been weak. Ageinst the broadly-representative SDR, tbe fall has been nearly 11 per cent.

It is during this year, of course, thet the US recovery hes slowed from a run to a gentle amble. Signs of the long-forecast US rebound are still ambiguous at best.

Tidal shift

All the same, the growth numhers remain positive in all the major economies, and there is a second large element io the commodity price weekness. Growth In the 1980s, as demand turns towards services of every kind, bas dooe little good for commodity producers. The energy cootent and weight even of hard goods, from cars to communications equipment, is coming down. Result: relatively weak demand for all commodities (prices are down a tenth in money terms since 1980) and especially weak demand for fuels, for ships to move them, for power stations to burn tbem and for steel to make all these things. These basic industries heve had no recovery in tbe 1980s, end are now turning down even lower.

It is such tidal shifts in the balance of demand that economists heve in mind when they talk of structural change. They are also what bankers, who were slow to wake up to these changes, mean when they talk of had debt. It is the problems of commodity producers and basic industries—in the US, just as in poor countries—which pose most of the worst problems now confronting governments and central bankers.

In such potentially threatening circumstances, the pursuit of an unchanged medium-term strategy argues either tremendous faith in the effectiveness of market forces, or an escapist attitude. The restless initiativee seen in Washington, where Mr James Baker tries simultaneously to manage a smooth dollar devaluation, a new flow of capital to tha third world, and a major tax reform, look more appropriete than standing pat.

Things are not alwaye wbat they seem, however, and in some respects the Britiah Government's rhetoric Is simply a mask for a very sharp underlying policy change. During the summer broed monetary control, originelly the keystone of the Goverament's strategy, was abandoned, and the Chancellor admitted as much at the Mansion House. Now we can reed in the lohby hriefings, and indeed in the Queen's Speech, that we are going to have quite an energetic reflation as well.

Overshoot

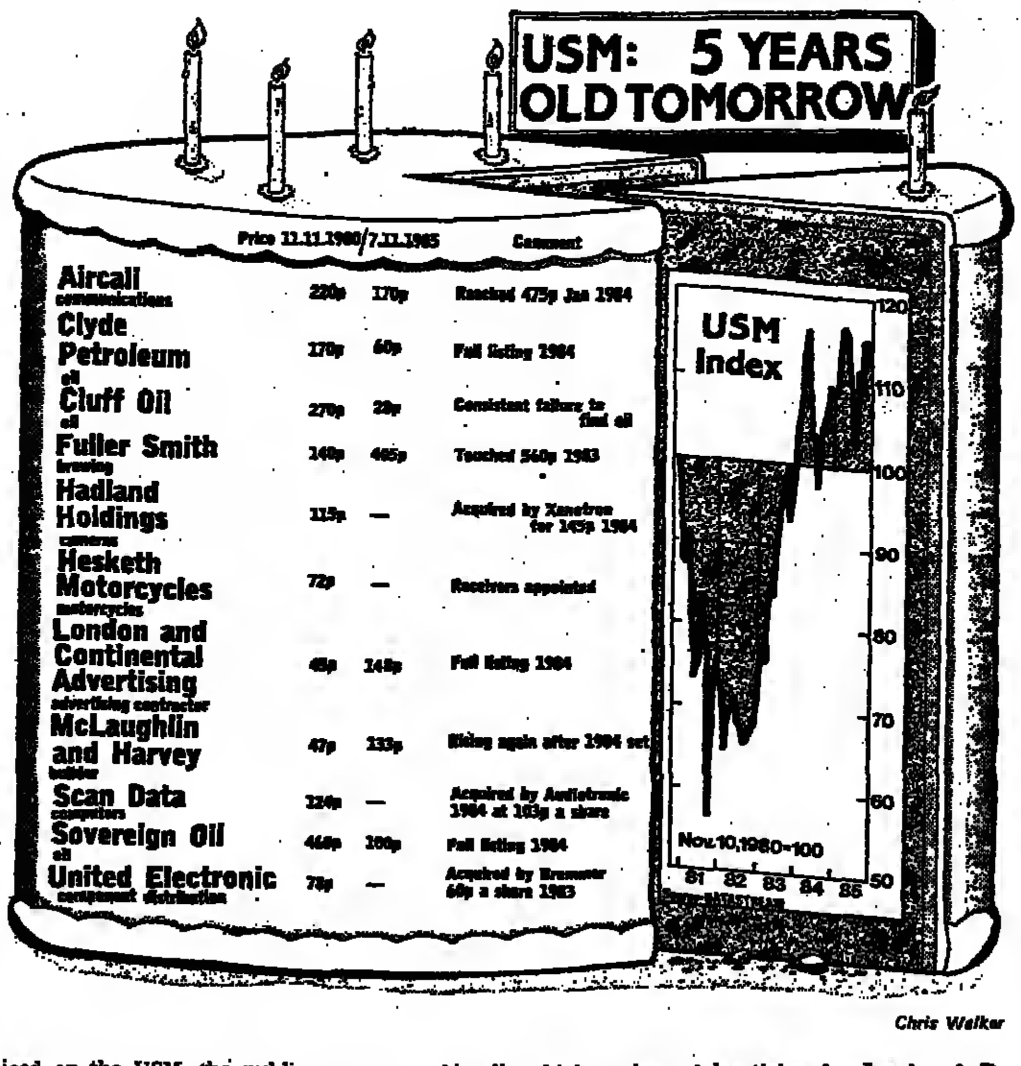
The first stage is already in place. The Government seems to be repeating the possibly deliberate mistake made by Sir Geoffrey Howe in 1982-83, and allowing public spending to overshoot. In that year the result was allowed to come out in sharply higher public sector borrowing; it was rightly judged that the City would not cry unduly over spilt milk, especially when the spillage helped to secure a Conservative landslide. Thie year the financing technique is different. Instead of selling more gilt-edged stock, the Government plens to eccelerate the sale of publicly-owned assets.

Since the weakness of US demand and commodity markets suggests that there is a hole to be filled, there is a good case to argue for a boost here, but Mrs Thetcher, through her own rhetoric, has disqualified herself from stating it. This makes it much harder to bold a straightforward debate on the merit of a boost in general, and of this or that particular way of applying it. Should it all go to tax cuts, as the Cabinet seems to intend, or has the CBI a case for ettacking unemployment directly through spending on the infrastructure? Just for a start, it would be nice if the Government would call reflation by its proper name.

BRITAIN'S UNLISTED SECURITIES MARKET

Winners and losers five years on

By Lucy Kellaway



	Price 11.11.1980	7.11.1985	Comment
Aircall (communications)	220p	170p	Reached 475p Jan 1984
Clyde Petroleum (oil)	170p	60p	Full listing 1984
Cluff Oil (oil)	270p	20p	Consistent failure to find oil
Fuller Smith (brewing)	140p	465p	Touched 560p 1983
Hadland Holdings (cameras)	115p	—	Acquired by Xenetron for 145p 1984
Hesketh Motorcycles (motorcycles)	72p	—	Receivers appointed
London and Continental Advertising (advertising contractor)	45p	148p	Full listing 1984
McLaughlin and Harvey (builder)	47p	133p	Rising again after 1984 set
Scan Data (computers)	124p	—	Acquired by Audiotronic 1984 at 103p a share
Sovereign Oil (oil)	460p	100p	Full listing 1984
United Electronic (component distribution)	78p	—	Acquired by Brammer 60p a share 1983

Chris Walker

AN ARISTOCRAT with a plan to build a powerful motorbike, three oil exploration companies, one builder, an advertising contractor, a hrewer, and four assorted electronics companies made up the intrepid first eleven to join the USM on November 10, 1980.

Exactly five years later, with the USM enjoying a total market value of £3.6bn, only four remain on the junior tier of the stock market: one went bust, three gradueted to a full listing and three were taken over.

The USM has also been a hruising place for its early investors. Anyona who pnt £100 into the first eleven in November 1980 would have £40 today, whereas the same amount of money invested in the FT 30 would have produced about £225.

These figures are somewhat distorted, however, by the weighty presence of the three oil exploration companies Cluff Oil, Clyda Petroleum and Snvereign Oil and Gas which have all performed outstandingly badly. None has made a major oil discovery, and against the background of a falling oil market, all three shares are at less than a quarter of their 1980 prices.

Avoiding the oil companies, investors could have made money out of the first elevea only by careful selection. All bnt three are now trading below their issue prices or have heen taken over at depressed levels. Althongh the three winners have each riseo by abont 300 per cent over the past five years, the retnrn seems inadequate given tha difficulty of meking the right selection.

While the failure of Hesketh Motorcycles conld not be construed as a complete surprise, the difficulties of each of the four electronics companies were unexpected as ware the successes of the remaining three: the brewer, the bullder and the advertising contractor.

The question of image is important

Whatever their fortunes, each of the 11 companles claims that the USM has affected its development: by making it easler to raise money, by providing it with paper with which to make acquisitions, or by improving its image.

The queston of image is perheps the strangest. Least tangible of the USM's benefits, it often sounds like an excuse when used as a major reason for joining the market. However most of the 11 insist that they heve enjoyed the publicity and the respect that seem to be part of the USM package.

Even poor Lord Hesketh, whose venture to build the British superbike crashed in the summer of 1982, thinks that the USM played a significant part in his company'a hrief history. Although none of the £2.5m that the venture cost was raised on the USM, the publicity associated with the quote "made us a border issue."

Unfortunately, being a hroader issue was not enough to save Hesketh Motorcycles. A technical fault with the gearbox resulted in a six-month delay before production could start, and the company ran out of money.

As well as distributing goodwill, the USM has allowed many of its first eleven to do things that would have been difficult, if not impossible, for e private company. Most importantly, it hes made it easier and probably cheaper for them to raise money. The three oil exploration companies — for whom ruuning out of funds is one of the natural hazards of business — bave each called upon shareholders for cash.

Clyde Petroleum launched in 1981 the biggest rights issue that the market has seen, hefore or since, raising £28m to pay for production interests in the North Sea.

"To he able to raise money bas been absolutely vital for us. The irony is that the ability of an oil company to raise money now is almost nil hecause of the state of the oil market," says Mr Melcolm Gourlay, managing director of Clyde Petroleum.

Cluff Oil was already finding it difficult to raise money in 1982. A £5m rights issue in December required the creation of a new class of shares as Cluff's share price had dropped below its par value.

Not only the oil companies have used the USM to raise money. Aircall, which makes specialist telecommunications equipment, raised over £5m in November 1983 to pay for a loss-making US compeny involved in high speed data transmission.

"The USM has allowed us to expand, which otherwise we would not have been able to do. We've never taken any money out for ourselvea, ell of the money we've raised has been for the business," saye Mr Warren Taylor, the company's managing director.

It is not every USM company that can make this boast. Indeed most USM directors eell some of their own shares at the time of the flotation, prompting the complaint that the true purpose of the market has nothing to do with a company's future; it is to enable the founders to cash in their investment.

This option was not open to most of the first eleven, nine of which joined the market hy introduction from Rule 535, a grey area of the stock market, in which each deal must obtain the permission of the Stock Exchange, selling no shares as they move.

Two out of the 11 have taken advantage of their quote to make a major aquisition for paper that has changed the shape of the company. In 1984, Cluff, again in need of money, chose the imaginative route of buying for shares Associated Investment Trust, intending to liquidate it immediately afterwards.

More daring still was the bid by London and Continental Advertising for London & Provincial Posters which it bought from Reed for £20m. L and C was then valued at about £8m, selling advertising space mainly in hotels taxicabs and supermarkets, and in a smaller way on street hoardings. The equisition increased its turnover from posters eightfold, making it the largest poster contractor in the country.

Cluff Oil and London and Continental are not equally polite about the role of the USM in their take over strategy. Mr Algy Cluff, the flamboyant chairman of Cluff Oil, ex-owner of the Spectator, says: "The fact that we were on the USM rather than fully listed was used against us by the opposition in that takeover battle."

Lord Harris managing director of L and C sees the metter in a different light: "We couldn't conceivably have made that acquisition from the base of being a private company. We had built a three-year track record publically and performed as the analists had expected. It had given us the opportunity to show everyone what we could do."

With the acquisition of L & P under its belt, London and Continental glided up to the main market in June 1984. At about the same time, Clyde and Sovereign also moved up. Both companies by then were capitalised st more than £100m — glaringly out of scale with the rest of the junior market.

"It is a massive jump from Rule 535 to a full listing. We saw the USM as a hridge," says Mr Peter Tory of Sovereign Oil and Gas. "There is a sense of maturity about getting a full listing. Perhaps it has as much to do with status as anything else."

That sense of maturily is not eomething that the companies left behind on the USM are all clamouring for. Only Cluff, capitalised at ebout £13m, is feeling left hehind. "The USM is a half-way honse," says Algy Cluff. "I look on it as a kind of discipline associated with none of the advantages of a full listing."

The others seem heppy to stay put.

"I've got red books, yellow books and green hooks that I'm eupposed to read on the subject," says Mr Warren Taylor, managing director of Aircall. "But nobody can give me a single good reason for moving. In any case, I like this kindergarten."

There is, on tha other hand, a very good reason why Chiswick brewer Fuller Smith and Turner should not move on. Now run by third and fonrth generation Fullers and Turners, the ahares have heen handed down through the family in transactions thet would be more heavily taxed if the company had been fully listed.

The market's early favourites were Scan Data and Hadland, both of which appreciated by more than 100 per cent in tbe first few months, only to fall dramaticaly thereafter.

In the market'e first three years, any company that passed as "high tech" enjoyed a rating above the odds. And one thta could actually expain to investors what it makes would automatically be rated at at least 30 times earnings. After a series of disappointments—some spectacular—the market now equates high-tech more with high-risk than with growth, and ratings beve fallen sharply.

'High-tech' now equated with high risk

Hadland caught investors' fancy with a high-speed camera which could take 300m frames a second and was said to be the best in the world. Scan Data was then considered enviahly placed as a supplier of mini and micro compnter systems.

A year later both companics announced trading losses end their shares fell to ehout half the issues price. Scan Data was investing beavily and was simultaneously heing squeezed by emergent competition among suppliers of micro computers; while Hadland's loss was attrihuted to the recession and to the erratic timing of a small numher of large orders.

Both companies subsequently regained their balance, if not their glamour. Investors in one case had been taught a lesson about the competitive threat in the computer market, and in the other about the slowness with which exciting R&D work is transformed into profits.

When Hadland and Scan Data were taken over in 1984, there was little, if any, profit in it for investors.

Shunning oils and shunning electronics, the investors should have chosen the brewer, the huilder and the advertising contractor. Fuller Smith and Turner and McLauglin and Harvey five years ago would have seemed like perversely unadventurous choices. However, it is by dint of their very predictability that each has done so well. McLaughlin and Harvey have turned in slow steady growth as has Fuller Smith and Turner, and the ehare price, starting from a low base, has found room to improve.

The dazzling success of London and Continental proves that not all the USM's hares were outstripped by its tortoises. The company joined the market valued at about 20 times earnings, and therefore had some ambitious expectations to heat. Through a policy of acquisitions culminating in the purchase of London & Provinciel hacked by strong organic growth, L and C has increased profits from £900,000 to £1.4m over the last five years.

It is conceivabla that on the USM's fifth hirthday that the fourth electronics company, Aircall, will lead the lists of the USM's early successes. At the fifth hirthday, however, it collects the prize for the most exhausting and disappointing investment. With a share price that has frequently moved by 50, or 100p in a day, Aircall could claim to be the least well understood of the first eleven.

The last five years have been littered with hopes and disappointments, the largest of which was a failed bid by a consortium of companies led by Aircall for a licence for a cellular telephone network to compete with British Telecom. Meanwhile, Aircall has invested heavily in a wide varied of telephone and radio network services, and although turnover is now running at about £40m, profits have not advanced beyond £1m. Over the last 12 months shareholders have finally lost interest, and the shares have dropped from 450p to about 160p.

"When you are in an emerging market and your major competitor is a monopoly you must take a long term view," says Mr Taylor of Aircall.

The first eleven should not be taken to etand for the market as a whole, which has broadencd and matured since its early days. However, their experiences highlight two important features of the market, one encouraging, the other disheartening.

The USM has provided small and immature companies with a chance to prove themselves, and to blossom and grow if they can. While some have flourished; others have not, and the great difficulty of sorting out the winners from the losers has too often made the USM worrisome and unprofitable for its investors.

Woman in the News

The Princess of Wales

A touch of Hollywood a touch of the divine

By Sue Cameron

THE divine rite of princesses will be celebrated in America this week with all the panoply thet e mere republic can muster.

Over a hundred years ago, Walter Bagehot, the English constitutionalist, wrote: "The mystic reverence, the religious allegiance, which are essentiel to a true monarchy are imaginative sentiments that no legislature csn maufacture in any paople." Perhaps his words come closest to explaining the rare excitement in the US over the forthcoming visit of the Princess of Wales. And it is the Princess who counte. Her husband is merely the supporting cast as far as the Americans are concerned.

As the New York Times pointed out this week, the fascination of the Princess for Americans—particularly in Washington where power matters more than pomp—cannot be explained by the fact that she is rich, beautiful and beautifully dressed. As the NYT said: "There ere plenty of American fortunes equal to the prince's if not to the Crown's, and plenty of American women with wardrobes that outshine that of the princess." Why, the NYT esked in some perplexity, did Americans care?

And there is no doubt that Americans do care. The great of US society are paying out huge sums to gain admittance to the Princess's court. A place at one of tha larger gatherings to be attended by the royal couple costs $10,000 in donations to good ceuses, while the going rate for invitations to the more exclusive events is $0.5m end above. American madia hype over the visit has reeched new heights. And Joan Collins, the British-born Dynasty Queen, even seems to have gone to the lengths of marrying—yet again—in an effort to upstage a real Royal Highness.

Tony Holden, royal commentator and biographer of Prince Charles, thinks the standard explanation for such American enthusiasm is the most plausible.

"There is something magical about the royal family," he says. "The nearest the Americans heve ever come to having one of their own was when John and Jackie Kennady were at the White House. And then Americans talked about Camelot—to make the Kennedys sound royal."

Mr Holden's views are echoed hy Richard Bsrber, editor of the UK's Woman magazine. "The juxtaposition of ex-actor President Reagan with the incredibly glamorous Princess of Wales has to be an unbeatable ticket," he enthuses.

Mr Barber brushes aside the fact that Princess Diana has not and never will have any real power.

"Sometimes you see grown men reduced to quivering wrecks when they meet her," he says. "That's a kind of power."

"Kind of" is the operative phrase. Yet perhaps the mystery of monarchy has always been something separate from political power—even when monarchs ruled as well as reigned. The greatest of all English princesses—and certainly the most powerful in the accepted sense of the word—was Elizaheth Tudor.

One of the ways in which Elizabeth I helped preserve the mystery of her monarchy was by remaining the Virgin Queen — despite the attractions of the Earls of Essex and Leicester. Princess Diana may be a wife and a mother but perhaps her particular mystery is similarly based on a chaste image that is unstained by the gripping but seedy scandals which attend soap opera stars and more minor royals.

Youth and beauty are clearly important ingredients in Princess Diana's particular brand of magic.

Yet youth and glamour are not essential to Royal mystique — however much they may help. Mr Holden notes that the late Duke of Windsor exercised almost as a great a fascination for the populece when he was Prince of Wales as Diana does today. Media technology was not as well developed then and there was still some restraint about photographing members of the Royal Family. But "snatch artists" would lurk behind trees ready to dash off a quick aketch of the Prince for their newspapers whenever he went out for a walk.

And Americans went wild ebout the Queen Mother when she visited the US in the 1950s

Americans — showing their true colours, as the British might aay—have made ettempts to put a price tag on Diana's mystery. There have been estimates that her visit to the US will be worth as least $0.5bn to Britain in terms of exports. But such estimates describe effect rather than cause.

Perhaps one reason for the reaction of Americans to the royal visit is the slightly prosaic one of novelty. Sections of American society may be behaving as if the Second Coming were nigh—albeit with a healthily high proportion of militant atheists proclaiming their unbelief — but it is in fact the Princess's first visit to the US. One point to watch will be whether the adoration can survive a second tour.

Could the icon lose ts pulling power? Mr Barber says Woman was once ebla to increase its sales simply by having a picture of Diana on the cover. Now circulation rises — by up to 60,000 on sales of over 1m — only if there is a feature article with some new angle to back up the photographs. Bnt the attraction is still there.

Meanwhile, Mr Holden fears the Princess could be in danger of suffering the same fate as the silent movie stars whose popularity plummeted once they opened their mouths

"We are beginning to let daylight in on the monarchy—but Diana may be the less magical the more she speaks," he says. "She is now hecoming less of a novelty—like the young new female lead that is badly needed in a soap opera bnt has now settled in."

Perhaps soap opera stars are man-made. Princesses — certainly Princess Diana—are not without e spark of that divinity which Shakespeare knew did hedge about a King.

As Begehote said: "As long as the human heart is strong and the human reason weak, royalty will be strong because they appeal to diffused feeling and republics weak because they appeal to tha understanding."

The unpolished Emerald Forest

By Andrew Whitley in Rio de Janeiro

ONCE UPON A TIME—and not so long ago at that—the Amazon forest was really viewed as a vast, undisturbed region of original innocence.

Nature flourished effortlessly, it seemed, in the unbroken stands of giant trees. An endless cycle of transpiration and precipitation—tropical downpours—nourished a greater variety of plant and animal life than exist anywhere else on earth. And man, in the shape of primitive Indian tribes, lived in harmony with his elements.

Then along came the developers: the road builders and dam makers, the land colonisers and the cattle ranchers, the exploration teams from big mining companies, the military men intent on demarcating an unknown frotier.

In their wake, very recently, come the British film director John Boorman, intent on making a film to alert the Western world to the ecological threat to the Amazon forest.

That film, "The Emerald Forest," has just opened in Britain to considerable critical praise. Tellingly, however, it has been received much more coolly in Brazil—revealing something of this country's decidedly ambiguous attitudes towards the often conflicting interests of conservation and development.

By chance, the opening of "The Emerald Forest" has coincided with two other events of considerable significance in connection with the future of tropical rain forests in general and the Brazilian Amazon in particular.

Last Thursday, President Jose Sarney travelled to a remote part of the Amazon to pull a lever and divert the waters of the Uatuma river, a tributary of the Amazon, around a new—and highly controversial—hydro-electric dam project.

Designed to produce a relatively modest 250MW of electricity (albeit power badly needed for Manus, the regional capital) the Balbina dam will have a profound effect on its hinterland. When it is completed in 1989 a shallow, 150 kilometre-long lake, exuding putrefying vegetation, will cover nearly 2,500 square kilometres of the jungle.

The second event was the launch in Sao Paulo two weeks ago of a major study on the rapid depletion of tropical forests around the world.

Sponsored by the World Bank, the United Nations Development Programme and the World Resources Institute, a private, Washington-based research institution, the report represents the first co-operation between development assistance agencies and non-government organisations on solutions for tropical deforestation.

It calls for the ambitious sum of $8bn to be spent over a five-year period beginning in 1987, to begin reversing a trend which leading ecologists such as Dr Thomas Lovejoy of the World Wildlife Fund have described as "the greatest environmental problem facing mankind."

In the case of Brazil, a $785m programme of action is recommended. Among other things it suggests that 5m hectares of Amazon forest — five times as much as today — should be brought under control and that an ambitious programme to replace fuelwood or charcoal for fuel oil should be instituted.

On the long list of countries covered, Brazil does not feature as the highest recipient. India has the top position, with proposals totalling $1.2bn.

But, as the report graphically reveals, the scale of deforestation in Brazil is much greater than anywhere else.

What is not in dispute is the fact that the Amazon remains by far the largest extent of tropical forest in the world. In Brazil alone, which includes two-thirds of the Amazon Basin within its borders, the forest covers 2.8m. sq kms—a region equivalent to 28 per cent of all Europe.

The settler in the Amazon forest would arrive either under a government programme or on his own initiative, clear the immediate jungle surroundings and plant his rice or maize and beans. One good crop might be produced, because of the rich nutrients produced by his burning of the forest. But then the land would rapidly become exhausted and he would move on.

This slash-and-burn agriculture, taking place along the fringes of the new dirt roads driven through the jungle, is what causes the most destruction of all to the natural habitat.

By law at least 50 per cent of the cleared land in Brazil should be left as natural forest. But the dictates of Brasilia are widely ignored.

According to Mercelo Palmerio, president of the Brazilian Forestry Development Institute, the IBDF, only 10 per cent of the deforestation that has already taken place in the Amazon had been officially authorised.

An extensive satellite study of the Amazon conducted between 1975 and 1980 concluded that only 15 per cent of the region's soils were suitable for agriculture. They form a belt stretching from Rondonia in the west across the southern underbelly of the forest to parts of Para and Maranhao.

In 1979 barely one per cent of the Amazon's original forest cover had been chopped down, a figure the government sticks to when challenged by foreign conservationists.

But the figure is probably inaccurate, misleading — as the satellite found it hard to distinguish between original forest and secondary cover — and out of date. Philip Fearnside, a forestry expert at Inpa, reported last year in a Brazilian scientific magazine that by 1980 the real figure overall was probably nearer 4 per cent — and growing exponentially.

Mr Palmerio, the forestry chief, agrees that the upward curve is dramatic. Between 1975 and 1978, he says, the forest was being destroyed at an annual rate of 1.6m hectares a year. This figure then jumped to 2.3m hectares a year between 1978 and 1980 and by last year it had reached 2.7m.

What the IBDF, which until now has been mainly concerned with financing reforestation projects proposed by major companies, is trying to get across is that the Amazon forest should not be treated as unproductive.

If, because it would be the easiest political solution, the Amazon is used as the "safety valve of last resort," the government will be repeating the tragic mistake it made a decade ago with the trans-Amazon highway.

The film world's view in "The Emerald Forest" superimposed on a real-life scene of destruction in the Amazon forest.

Hailed in its day as a great triumph of man over nature, the 3,300kms dirt highway has been a miserable failure.

Road construction, is at the heart of the Amazon's woes, according to Paulo Nogueira Neto, Brazil's long-serving Environment Secretary. Not so much because of the physical damage the bulldozers cause along the route, marked by burnt tracts on either side, but because of the locust swarm of uncontrollable settlers and other adventurers the road builders bring in their wake.

In the decade to 1978, 14,000kms of roads were built in the Amazon where none had existed. Since then the paving of major routes such as the Cuiba to Porto Velho highway, the famous BR 364, has turned the swell into a flood.

To the intense annoyance of the Brazilian Government the World Bank suspended lending for over a year on the BR 364 "Polonoroeste" project because of the government's failure to demarcate Indian reserve lands along the planned route.

A surprising fact is that for reasons of lack of proper commercial organisation and difficulty of access to the valuable woods, Brazil makes very little commercial use of its tropical timber.

Although it has more than a third of the world's remaining tropical forests, its participation in the international tropical timber trade is miniscule, limited to only a few well known species.

In future, Mr Nogueira Neto says, all builders of dams and roads will be asked to submit an "ecological impact statement" to the government. But Brazil's problem has never been the lack of well-intentioned laws. On the contrary, it has been the difficulty in enforcing them.

The ever-growing empire of the impeccably brash Mr Branson

Richard Branson

THE VIRGIN Group hardly needs a marketing department. It has Richard Branson. Over the past 18 months the 35-year-old chairman and chief executive of the entertainment group has hardly stopped.

He popped up in pilot's goggles to promote the company's leap into the transatlantic airline business. With the cameras turning, he launched his challenge to win the blue riband for the fastest Atlantic crossing. There was even more publicity when he was rescued from the sea by helicopter 140 miles off Land's End.

Over the years many journalists have successfully found the door in the fence that leads along the tow-path to the house boat where Branson used to live and which is now his floating headquarters.

What is less well known — the insistent focus on Branson himself may have helped blur it — is that Virgin is one of the fastest growing companies in Britain. In the past four years turnover has risen from £30m to an expected £200m for 1985, with pre-tax profits running at 10 per cent of turnover excluding new ventures. The business career which Branson began at the age of 15, selling advertising for his own national student magazine from a London telephone kiosk, is now one of the 15 largest private companies in the UK.

Virgin employs more than 1,700 people with activities which include music recording and publishing, 65 record shops, film and video production; three night clubs, and package holidays to a previously uninhabited spot in the British Virgin Islands.

It is this diversity which lies behind Virgin's selection this week by a consortium of sponsors led by the Confederation of British Industry for the Business Enterprise Award. Previous winners were J. Sainsbury and Racal Electronics.

The award is designed to mark economic contribution to the British economy not only in terms of wealth generated but "on the degree of enterprise shown in the design, manufacture and marketing of their goods and services."

The City is also starting to like Branson — 25 institutions recently came up with £25m for redeemable preference shares.

If Virgin decides to seek a full Stock Exchange listing within the next six years, the institutions are guaranteed their shares with a 5 per cent discount. If the company stays private, the institutions get their money back.

City analysts emphasise that Virgin is in the "flair business" and therefore it is difficult to predict the future with any certainty. The company has yet to establish itself firmly in the US, the largest entertainment market of all, and has to prove that it can continue to come up with groups of the impact of Culture Club.

Just before changing into a suit to collect his "company of the year" award from Mr Peter Walker, the Energy Secretary, Branson curled up on a bamboo sofa in his floating office and talked about Virgin's role in the British entertainment industry and where he hoped the company is going.

"Britain has an awful lot of creative people but doesn't have the businesses to support them. We are in a position to be the business to support them. We have almost become like a merchant bank in the leisure field," he claims.

Setting up the airline, though it convinced some people that Richard Branson had gone crazy, has turned out to be profitable so far.

"The airline looks unconnected to the rest of our business, but we felt we could bring our marketing expertise to that field," Branson points out.

Because of the rise in the price of secondhand 747s Virgin has made a paper profit of $12m on the aircraft alone. Virgin used the increased value of the first jet to buy a second to launch a London-Miami service in the spring.

The main growth will come, Branson says, from continuing to expand the company's core businesses—music and pictures in all their forms.

One international priority is for Virgin to establish a more direct presence in the U.S.

There is also widespread City speculation that Virgin is in the market for Thorn EMI's music business — something Branson refuses to comment on.

Virgin is run in a decentralised way by people, mostly in their mid-30s, whom Branson has known and worked with for many years. An exception is Mr Don Cruickshank, former administration and finance executive at Pearson Longman, who joined as group managing director in June 1984.

Virgin is fully computerised, with detailed breakdowns of each month's performance available within three weeks—that is computerised except for Richard Branson.

The chairman works at a small round pine table on his houseboat with only a phone, a pen and a pile of A4 ring notebooks in which he incessantly scribbles ideas and keeps track of details.

In his mind there is the outline of Virgin as the largest entertainment group outside the US. The future of pan-European television has an important place in that strategy emphasis.

Branson is also in early talks with potential partners in a consortium to bid for one of the two London commercial television franchise, now held by Thames Television and London Weekend Television in 1988.

Yet behind Branson's larger than life public image and ambition there is caution; the company attempts to limit the downside risk of every deal to no more than a month's pre-tax profits, in case things go wrong. "Starting in business at 15 with no money, I always had to make sure the downside is protected, that there is a good upside . . . to learn the art of survival," Richard Branson says.

Raymond Snoddy

Letters to the Editor

Shopping on Sunday

From Mr A. Francis

Sir,—If all the economic arguments in favour of Sunday trading are as specious as those advanced in your leader (November 6) then the Sabbatarians must have a stronger case than I realised.

You suggest that Sunday opening will almost certainly create extra trade and argue that this "creation and exploitation of trading opportunities . . . is the major engine of economic growth." This is nonsense. The wealth from trade argument is about the shift from small local economies, with little division of labour, towards larger markets and more specialised production. It is to do with people switching from making-for-themselves to making-to-sell. It has nothing to do with extending to seven days the time one has available to spend an income which at present one has difficulty making last for six. It is unlikely that the prospect of being able to shop on Sunday will motivate people to work overtime in the previous week, so unless the savings ratio in the UK is to fall it is hard to see how Sunday opening can increase the overall level of consumption. And indeed, because it is likely that shops open for seven days will have increased total trading costs, the overall result will be a decrease in our purchasing power set against the increase in choice in when we may shop.

Your advocacy of market economics in this context is misplaced. In many real-life situations if each person acts in his own best interests the result will be fairly bad for all persons taken together. Over-fished seas, under-paid taxes, and over-crowded towns are oft-cited examples. Sunday trading may be another. This will be so if, as the Institute of Fiscal Studies concluded in its evidence to the Aulds Committee, the gains derived from greater consumer choice will be less than the costs incurred. Nevertheless, in the absence of legislation preventing Sunday trading, any one shopkeeper may have little choice but to compete by opening up on that day.

Similarly, a majority of the population may feel that Sunday should be a qualitatively different day. It is part of the rhythm of the week. They might prefer most shops were closed but each individual would find it hard to resist the temptation to use shops if any of them were open. The Prisoners' Dilemma and Coase's Theorem are more appropriate tools for analysing these issues. Market economies can, as you conclude, be harsh, and fun, but can also lead to wrong conclusions.

Arthur Francis,
9, Western Road, Oxford.

Get investing costs down

From Mr E. James

Sir,—Full marks to Barry Riley for his November 2 article on the gimmicky rubbish "Fund of Funds."

One thing is certain, costs will be more. If management groups are looking for a larger investing public then they should be aiming to reduce costs to the investor.

Why not pass on a discount to those dealing directly with the groups? They lose nothing and are likely to get more customers. I have been able to squeeze a discount from some groups while others adamantly refuse to do so even at the cost of losing the business.

If an intermediary can be given a 3 per cent to 4 per cent discount for the business, surely a 2 to 3 per cent discount for dealing directly can be offered. There seems to be a reluctance to upset the cosy relationship with brokers and dealers.

If share ownership, unit trusts and even insurance business is to be revolutionised this "closed shop" attitude must be blown away.

E. James,
51, Box Lane,
Wrexham, Clwyd.

Atlantic Charter

From Professor L. Pressnell

Sir,—In his review (November 2) of an evidently interesting book by Richard Hough, *Former Naval Person; Churchill and the Wars at Sea*, Mr K. Natwar-Singh makes a puzzling allusion to "a now little remembered document—The Atlantic Charter" of August 1941.

He declares that, for all its virtues "by leaving India out of its purview it forfeited its appeal to people living under Colonial Rule."

This is to miss the point. However slighted India and the Colonies may have felt at the time or since, neither they nor any other peoples were left out of the "purview" of the Atlantic Charter, for the very simple reason that none was named because all were included. Mr Natwar-Singh might care to reflect that, in view of Churchill's notorious unfriendliness to Indian nationalism, the Atlantic Charter was in a negative sense helpful to it. That judgment is based on the undoubted fact that a major aim of the Atlantic Conference, particularly in American eyes, was to defer the making of *specific post-war commitments*, and to concentrate first on the annunciation and acceptance of the basic principles to inspire the eventual peacetime settlement.

Dare I add that some of us not only remember the Atlantic Charter, but even study its text and the fascinating background to it?

(Professor) L. S. Pressnell.
Boundary House,
St Stephen's Hill,
Canterbury, Kent.

Pensions outlook

From Mr M. Pilch

Sir,—Now at least we pensioners know what Mr Philip Chappell (November 2) thinks of us. "Is an enterprise culture enhanced if so large a proportion of wealth is dedicated to our dotage?" he asks in the article.

I am not sure what an enterprise culture is—it sounds messy—but the clear preference demonstrated by members of final salary pension schemes for the present arrangements over any alternatives peddled by the Centre for Policy Studies suggests that not so many of them are in their dotage as Mr Chappell thinks. No doubt his opinions have been noted by trustees of pension funds advised by Mr Chappell's firm, and they must wonder whose side he is on. He seems to be saying that if we adopt his proposals and switch to money-purchase, this will reduce the amount "dedicated to our dotage"—or in other, more polite, words pensions will have to be reduced. But we have known that all along.

Can this really be the calibre of the advice on which the Government's White Paper will be based? No wonder Mr Fowler is having problems.

Michael Pilch.
10, Timber Hill Road,
Caterham, Surrey.

Faults in education

From the Deputy Secretary, Institution of Production Engineers

Sir,—Mr R. T. Holmes (October 24) suggests that the education and training being received by graduate engineers leaves much to be desired. There is little doubt that there are faults throughout the education system, including the primary and secondary stages. Equally, there is a need to enhance the image of the professional engineer and to publicise the true position of the nation's dependence on manufacturing to create wealth.

Modern production engineering graduates not only cover in their curriculum the use, behaviour, characteristics in manufacture and the processing of materials, both metallic and non-metallic, but also undertake throughout their degree courses case studies and projects relevant to industrial conditions.

I feel sure that Mr Holmes would be very impressed at the standard of the projects and the ability of the students to move across some of the inter-disciplinary boundaries. The problem is that there are so few of these graduates. In 1984 there were only 468 production engineering graduates available for industry. Their true wealth is all too often recognised by industries other than manufacturing such as banking and insurance who seem more ready to offer better rewards and incentives.

A. R. R. Goldsmith.
66, Little Ealing Lane, W5.

Paying for temps

From the Director, Federation of Recruitment and Employment Services

Sir,—I am sure that Lucy Kellaway in her informative and interesting article about Blue Arrow (November 2) and the employment agency scene did not mean to imply that agencies deduct 28 per cent from the pay of their temporary workers but that could be inferred from the wording of one of her paragraphs. The pay and benefits given to temporary workers both male and female are extremely competitive and in some areas of skill shortages may actually be higer than permanent pay equivalents. There is no deduction from the pay of temporary staff, the costs of providing a temporary help service are charged to the users of that service.

Leonard Allen.
10, Belgrave Square SW1.

Public service tenders

From Mr D. Saunders

Sir,—In your report (November 2) on the decision of the Government to shelve plans to compel local authorities to invite competitive tenders for a range of public services, David Briodle writes that a likely reason is the "patchy results" of a broadly parallel measure in the National Health Service.

Far from producing "patchy results" the programme has been thoroughly successful where it has been applied. Where it has been patchy is in its application. When invited to tender for cleaning, catering and laundry work, private contractors have consistently offered to do the work for 20-25 per cent less than the public sector workforce. But because so little work has so far gone out to tender, the savings achieved to date have been only a fraction of the potential figure.

The limited success achieved should not be used as an excuse to delay the further introduction of competition. Instead the Government should speed up the tendering process while ensuring that it is fair.

Most health authorities have yet to invite tenders for their services. Many others have merely gone through sham exercises before retaining their in-house labour.

The Government should remind health authorities of their duty to invite tenders for their ancillary services and to award the work to the lowest tenderer in the absence of compelling reasons otherwise. It should also appoint independent auditors to ensure that the tender evaluation is fair.

But most importantly the secrecy in which the whole process is shrouded should be lifted. The books should be opened so that full information is available on tenders, both private and in-house, and the ultimate cost. Only that way can the public be sure that taxpayers' funds are not being squandered.

David Saunders.
Public & Local Efficiency Campaign, PO Box 548,
St Andrew's Hill, EC4.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc.—instant access/no penalty
			9.50 Higher interest account 90 days' notice or charge
			5.50/8.81 Cheque-Save
			8.05/9.50 "City" Cheque-Save
Aid to Thrift	*9.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	9.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly.
			9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly
			8.75 Bankesave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.25 Capital share 30 £500+ 30 days' notice/penalty
			8.50 Capital share 90 £500+ 90 days' notice/penalty
			9.75 Capital plus £10,000+ 60 days' notice/penalty ann. int.
Barnsley	7.00	9.00	9.35 Summit account — £1,000+ — 3 months' notice
			8.85 Special invest. (28 days' notice) 8.85 monthly inc. a/c
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum
			8.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice. No penalty
			9.55 £10,000+, 8.30 £5,000+, 8.05 £1,000
			7-day notice Triple Bonus. Also monthly income
			9.75 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	8.50 60 days' notice
Cardiff	8.50	8.60	8.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond. Monthly income. 90 days' notice
Century (Edinburgh)	9.85	—	8.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	9.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.50 Cheltenham Gold. No notice. No penalties £5,000+ 9.50, £500-£4,999 8.00, under £500 7.00. Monthly income avail.
Cheshunt	7.00	8.50	9.75 £20,000-£250,000, 9.25 £1,000-£19,999 inst. acc. no pen.
City of London (The)	7.25	8.75	9.60 2 months' notice—no penalty—monthly income
			9.00 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	8.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			8.55 Moneymaker £10,000+, 9.30 £5,000+, 8.00 £1,000+ instant access no penalty, monthly income option
Derbyshire	7.00	8.25	8.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	8.25	70.50	10.30 Somerset super plus £10,000 minimum. Monthly income
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-9.25)
Guardian	7.65	—	10.00 3 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	8.50/9.00/8.50/8.00 Instant xtra (minimum £500)
			8.50 90-day xtra. 90 days' notice/no penalty (minimum £500)
			8.00 Cardcash (£2,000+), 7.00 (£1-£1,999)
Heart of England	7.00	9.25	8.80 and 9.55 High Interest. 8.90 Gold Key
Hemel Hempstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	8.00 7-day account. Minimum £500 3-month 8.75
Hinckley and Rugby	7.00	8.80	10.00 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und. £10K. 10.25 ov. £10K mag. a/c 8 w. + loss of int.
Leamington Spa	7.10	—	9.25 £20,000 min. Spa In. mly. no not./pen., 8.75 £5,000 min.
			9.50 High flyer—no notice/no penalty £10,000 minimum
			8.25 High flyer—£5,000 minimum, 9.00 £500 minimum
			10.15 Super share no not., 14 days' penalty £20,000 minimum
			8.85 Super share £5,000 minimum, 8.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	8.75 Monthly interest. 9.25 28 days' notice, 9.55 60 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	7.00	8.00	9.60 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 8.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+
Midshires	7.00	—	9.25 £500+ inst. acc./no pen. £100-£499 7 days' notice
			9.60 3-yr. term, 2.60 gtd. £500/£1,000 M.I. 8 mths.' not./pen.
Mornington	9.10	—	9.10 £2K, 9.25 £2K+, 9.35 £10K+, 9.50 £20K+
National Counties	‡7.30	8.55	8.80 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	8.00	8.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty
			8.50 Special share 60-day notice/penalty unless £10,000+
			8.50 Money man. £5,000+. No notice, no penalty
Nationwide	7.00	—	8.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999
			9.60 Bonus Builder £10,000+, 8.25 £5,000+, 8.00 £2,000+, 8.75 £500+, 8.00 £100+, no notice, no penalty
			8.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	8.50 Plus bonus. Two-year term. 8.00 28 days' notice. 8.75 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	9.55 Moneyspinner plus £10,000 or more, instant access
			9.30 Moneyspinner plus £5,000 or more, instant access
			8.05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	8.75 7-day/monthly income option/9.00 on £10,000+
Peckham	7.65	—	8.65/9.75 Immediate withdrwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	9.75 Premium share penalty. Free access (8.95 under £10,000)
Portman	7.00	9.25	8.90 Gold seal. Min. £1,000. 1-yr. term then 3 months' notice
			9.00 Flexi-plus. Minimum £500 no notice immediate withdwl.
Portsmouth	7.15	8.65	10.00 3-year, 8.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	10.25 £10,000. 90 days' not./pen. Up to 10.00 instant access
Regency	7.00	—	8.75 7 days, 9.10 1 month, 8.25 2 months, 8.90 3 months
Scarborough	7.00	8.25	9.15-8.55 over 55s no notice/penalty MI minimum £2,000
Skipton	7.00	8.25	8.85 Sovereign £5,000+; 8.35 £500-£4,999 monthly income 8.35 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75, 8.50, instant or notice
Sussex County	7.00	8.50	8.75 90 days, 8.50 monthly income, 9.25 instant access
Thrift	8.20	—	10.20 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+, 8.50 £500-£9,999 wdrwl. available
			8.80-5.75 Moneywise cheque/Visa. Interest varies with bal.
			9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	8.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	8.00 Prime £500+, 9.25 £5,000+, 8.50 £10,000+, no not./pen.
			9.50 Capital. 90 days' notice/penalty. Minimum £500
Yorkshire	7.00	8.00	9.80 Plat. key £10,000+ wdl. no pen. ~£10,000 60 d. nt./pn.
			9.50 Classic Key Monthly Income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

UK COMPANY NEWS

Hill Samuel rises 32% to £17.5m

Hill Samnel Group, the merchant banking broking and investment management group, had a 32 per cent increase in after-tax profits in the six months ending September 30, with most of the improvement coming from banking operations.

Hill Samuel is one of the few accepting houses whicb gives deteils of its interim results. These showed that nrofits were £17.5m, up from £13.2m in the first half of last year. Earnings ner share were 19.06p, an increase of 13.8 per cent. An interim dividend of 3.6p per share will be paid (3.25p).

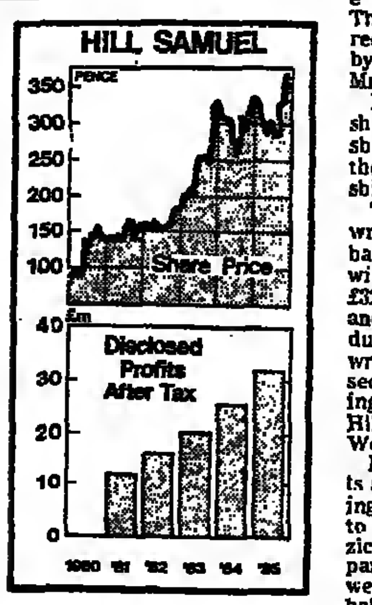
The merchant bank was the largest contributor with disclosed earnings of £12m, up from £10.2m. These inclnde investment results of £440.000 and £240,000 from the group's 29.9 per cent stake in Wood Mackenzie, the stockbroking firm it is in the process of buying in preparation fnr the City revolution.

Mr Christopher Castleman, the group chief executive, said the main lines of business, including Treasury, commercial banking and corporate finance hed performed well. The main exception was tending to the shipping business for whicb large provisions bad bed to be made owing to the continuing fall in bull values.

Problem loans to Third World borrowers now account for less than 1 per cent of consolidated assets.

There was a sharp improvement in the employee benefit services division through a combination of higher business and the decision not to inctude the results of the division's New York-based computer services operations, whicb is operating at e loss and is about to be sold. The inclusion would have reduced group profits after tax by about £250,000, ecording to Mr Castleman.

Mr Christopher Castleman chief executive of Hill Samnel



Insurance broking operations showed an improvement, but sbipping services suffered from the deterioration in worldwide sbipping markets.

The group bas decided to write off ell the goodwill on its balance sbeet. In accordaoce with SAP 22, it eliminated £32.2m outstanding on April 1, and a further £18.3m ecquired during the last six months. More write-offs will occur in the second half of the year, including the goodwill acquired when Hill Samuel buys the rest of Wood Mackenzie early next year.

Mr Castleman said Hill Samuel ts spending about £5m on enlerging its building in Wood Street to accommodate Wood Mackenzie. Costs associated witb preparing for the City revolutinn were abont £200,000 in tbe first half of tbe year, and this would double in the second half.

The goodwill write-offs were largely responsibte for the sizeable reduction in the group's totat capital and reserves. These totalled £187.6m on September 30, down from £224m on Marcb 31.

See Lex

Logica accounts heavily qualified over loss-makers

BY FRANK KANE

Logica, the computer software business wbich felt sharply into the red lest yeer, yesterday published a heavily qualified set of eccounts for 1984-85, and warned that it may need to change its capital structure.

Tbe qualification by auditors Price Waterhouse arose from the loss-making office automation side, wbich was the reason for tbe deficit of £2.34m announced last month, against e comparable profit of £5.06m. Logica intends to sell the two office autometion offshoots.

The qualifications relate primarily to the Intelligent Technologies International Corporation (ITIC) and the £4m-worth of goodwill sbown in relation to its acquisition. The present value of these is now uncertain, says Price Waterbouse.

Mr Philip Hughes, group managing director, said lest nigbt that the ITIC position was uncertain. Although the company is in talks for the sale of the offshoot, he could not say at this stage whelber it would be sold as a going coocern, and therefore the question of the goodwill valuation was in doubt.

The other office automation toss-maker, Logica VTS, is alsn the subject of talks with a view to disposal. There are a number of options open, said Mr Hughes, hut he declined to outline tbem. The compaoy has appointed Kleinwort Bensoo, tbe merchant bank, to advise it, in addition to its existing adviser Close Brothers.

The auditors report also mentions trading losses on the office automation side since the June 30 balance sheet date. Mr Hughes could not quentify these, but said that both subsidiaries were trading et a relatively limited toss. There had been no dramatic deterioratioo since the position a mooth ago, be said.

In view of these factors, Price Waterhouse weot on to say thet "the consequent provisions required may be substantiel, and may give rise to a need for a change io the capitat structure of the group." The direclors report states that they consider it prudent to increase the borrowing powers of the company.

The balance sheet sbows net current brrowines of £11.9m, a rise of £11m over the year, compared with net tangible assets of £11.4m, down from £16.2m

See Lex

Countryside £7.8m rights to finance expansion

BY MICHAEL CASSELL, PROPERTY CORRESPONDEN7

Countryside Properties, the Essex-based residential and commercial property development group, yesterday announced a £7.8m rights issue.

The one-for-two issue of ordinary shares, at 270p eacb, will be used to finance the group's expanding development programme. Mr Alan Cberry, chairman and managing director, wbo holds 25.3 per cent of the ordinary shares, is to subscribe to at least 25 per cent of his rights entitlement. The balance of the issue has been underwritten by Samuel Montagu.

Countryside said yesterday that it expects pre-tax profits in the year ending September 30 1985 to reacb not less than £2.5m (£2.2m), which will be the fifth successive year of record profits. The directors are recommending a final dividend of 3.71p, an increase of 15 per cent over last year's final payment and making 5.47p (5.04p) for the year.

Mr Cherry said that the company now has a developmeot programme on tand under its controt wbich is expected to give rise to annual turnover in excess of £110m over the next few years.

A high proportion of the projected turnover will be accounted for by housing development projects. Countryside says that house sale reservations ara at a significantly higher level than at the same tima a year ago.

The company proposes to accelerate its Chelmer Village housing project at Chelmsford and has joined a consortium in seeking plaoning permission for a £150m housing development et Harlow, Essex.

Countryside says that a proportion of the issue proceeds wilt also go towards expanding the company's commercial property activities. Alt of its completed office developments are now fully let, and good progress is being made on the Warley Hill business park at Brentwood. Planning decisions are also awaited on a number of supermarket and retail warehouse schemes.

Guinness Peat bid would force resignation

By Clive Wolman

MR MICHAEL NEWMAN, chief executive of financial services group Britannia Arrow, said yesterday that be would resign if Guinness Peat was ultimately successful in its take-over bid which currently values the gronp at £212m.

Britannia Arrow has been in contact with at least two other potential bidders, a New York financial services group and another major US conglomerate with a financial services arm. Neither suitor has any significant interests in the UK at present. Britannia Arrow chairman, Mr Geoffrey Rippon, the former Conservative minister, is flying tn New York tonight to meet the potential bidders.

Mr Alastair Morton, chief executive of Guinness Peat, has claimed that he and Mr Newman have met frequently in recent months and amicably discussed tbe fnture strategy of a merged gronp. Guinness Peat's offer document also says that the two companies met "at intervals" over a two year period to 1984 to discuss a merger.

Goinness Peat hnilt up a 28 per cent stake in Britannia Arrow before launching its take-over bid 12 days ago.

Mr Newman, however, said yesterday that it would be wrong to draw the conclusion that he would accept a merger of the two companies which would leave tbe Britannia Arrow management intact, even if Guinness Peat were to raise substantially the price it is offering for Britannia shares.

He suggested that the chief assets of a company like Britannia Arrow, which includes an insurance company, a unit trust group and a merchant bank, were the quality of its employees and their motivation. This advantage, be claimed, would be eroded under the management of Mr Alastair Morton, whose style of management was totally different to the "softly, softly" approach he favoured.

"Just because I am polite and don't bang on the table doesn't mean that I could work with him," Mr Newman said.

Over the last six years, Mr Newman has boilt np Britannia Arrow from tbe remnants of the Slater Walker empire wbich crashed in the mid-1970s. Over tbat period, the company has acquired three fnnd management gronps, a life insurance company, National Employers Life, a merchant bank, Singer and Friedlander, and has contracled to buy a stockbroking firm.

Because of the opposition of the Bank of England to contested take-overs of merchant banks whicb are members of the Accepting Houses Committee, Singer and Friedlander is likely to be spnn off from the company if Gninness Peat succeeds in its bid.

An alternative possibility is that Singer and Friedlander could merge with Guinness Peat's mechant banking subsidiary Guinness Mahon in a deal wbich would leave the Singer and Friedlander management in control.

Micro Focus shares fall as losses reach £2.8m

SHARES OF Micro Focus touched their low point of 100p for 1985 yesterday following the announcement of a first helf loss of £2.82m for the troubled computer software group.

The shares, once a stock market favourite, closed 30p lower at 110p—well below this year's high of 970p.

Mr Brian Reynolds, the chairman who warned of "some risk" of a loss in his last anoual statement, again blames difficult trading conditions in the microcomputer iodustry, which hit the second half of 1984-85.

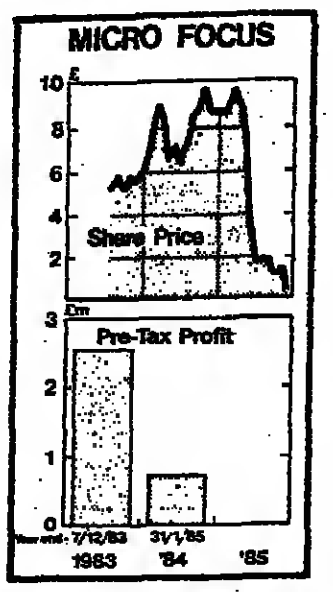
The US microcomputer industry has again been cited as the main nroblem area. "Not only has IBM itself experienced flattening sales of its own personal computer, but microcomputer manufacturers (OEMs) have suffered from IBM's strength tn the market end the reduction in the venture capital available to them.

"These conditions have resulted in Micro Focus reporting reduced sales of £5.68m in the first six months. The major cause has been a marked slowdown in the rate of closure of new OEM business, which hitherto has been the major componeot of our revenues," says Mr Reynolds.

The loss for the six months to end-July 1985 compares with a profit of £1.4m in the corresponding period when net revenue amounted to £7.58m.

The overall sales reduction ted to an operating toss of £1.76m, against a £1.51m profit, all of which was incurred in the first quarter.

This deficit was further increased by a £1.06m provision for doubtful debta nn business done before the start of the six months.



Attributable losses for the period were £2.66m, against a £416,000 profit, which, after taking account of currency adjustments, left the company with a £1.41m loss on revenue reserves (profit £2.6m).

Cuts have been made and ere beginning to be felt, seys the chairman. Total overheads—excluding finance charges, depreciation and exchange gains or tosses—in the US have been reduced from $1.3m to $900,000 a month and from £550,000 to £450,000 in the UK.

Excluding the effects of asset disposals, the cash ahsorbed in the third quarter wes much reduced to £650,000 compared with an average quarterly rate of £2.6m over the 13 months to July 1985.

Since the end of the first half, Micro Focus has disposed of assets with a book value of £1.5m tn realise £1.71m in cash. A large part of this programme was a sale and leaseback of the computer installation at Newbury which realised £1.38m and will entail an annual lease payment of £450,000.

● comment

Micro Focus's first half losses had been signalled in the annual report, yet some were still taken by surprise and the shares took another blow. Main reasons for the losses have been the downturn in sales tu microcomputer manufacturers (OEMs) and the £1m doubtful debt provision. On the sales front Micro Focus has been fighting back by increasing seles to end users, but this growth has heen from a comparatively small hase and has not been enough to undo the damage. The cruciat factor is now the extent to which the company can cut its costs to suit the reduced turnover. Successes so far suggest that the second half will see profits big enough to produce something approaching break even fnr the full year. The indications are that Micro Focus has the potential tn ride out this storm. The cash nutflow has been halted, it has good products, sales to OEMs have stabilised and sales to end nsers are growing. With firm management control, profits of perhaps £5m are in sight fnr next year, a figure which would have the shares looking cheap as a recovery stock.

Castle GB chief quits after loss

BY NIGEL CLARK

ON THE EVE of the announcement yesterday of a £3.7m downturn into losses of £2.24m, Mr John Armstrong resigned as managing director of Castle (GB).

The move followed a recent restructuring of the board in whicb the finance director, Mr John Shnrrock, left. These changes took account of the rescue of the kitchen and batbroom furniture distributor by the West German company, W. F. Rational Einbaukuchen.

The company said yesterday that a new finance director was being sought, but it was not know whether a managing director would be appointed. Mr. Bruce Troughton, executive chairman and founder of the company might take on the job.

The full year to July 26, 1985 turoed out worse than expecled. At the time of its rescue in August il had only forecast an attributable loss.

In the previous year It made a taxable profit of £1.46m, but at the haifway stage profits were down to £63,000, agaiost £683,000.

On turnover slightly down at £15.74m, against £16.32m, there was a trading loss of £1.14m. An exceptional provision of £1.1m was added to that for stock write-offs and debt provisions.

That followed a very critical look at stocks and debls, announced at the time of the rescue. The company said yesterday that it had taken the worst possible view of its operations aod written off everything that could be written off.

In his comments with the accounts, Mr Troughton, reports that the present year has had an encouraging start with management accounts for the first three months sbowing a profit. Oimar, the built-in kitchen appliance division, was spearheading the recovery, Mr Troughton says, and sales throughout the group are continuing to grow.

The market appears to be more buoyant than the year under review, he adds.

With the loss per share of this USM-quoted compaoy being stated at 16.75p, against earnings last time of 9.91p, the directors have decided not to recommend a dividend.

With tax credits of £225,000 (£273,000 debits) and extraordinary items this time of £63,000, the attributable loss came out at £2.07m compared with profits in 1984/85 of £1.19m.

Mr Troughton says that £250,000, which is the subject of a claim against a supplier, has not been included in the accounts.

At the year ond, stock levels were 27 per cent lower than for the previous year end.

Since the year end, the share issue to W. F. Rational has been completed which, the chairman says, significantly improves the georing and strengthens the asset base. The Germen company, which is one of Castle's major suppliers, agreed to convert £1.23m of loans into equity, the 4.9m shares giving it a stake of 29.6 per cent.

Tha company is to change its year end to April 30, but will announce its interim results in late April as in previous years.

Arenson revival continues and profits climb to £0.5m

AFTER RETURNING to profitability last year, Arenson Gronp has maintained its revival and now reports pre-tax profits up from £360,000 to £569,000 for the year to July 31 1985. At halfway, this manufacturer of domestic and office furniture and equipment had pre-tax profits of £60,000 against losses of £79,000.

The company hes nnt paid an ordinary dividend for fonr yeers, nr a preference dividend for two. However, subject to future trsdingp erformance, the directnrs intend to pursue a policy nf progressive dividend payments, commencing with an interim for the year to July 31 1986.

This is expected to be declared next April, but is subject to conversion of the company's outstanding preference shares.

The company is proposing a scheme, subject to shareholders' approvat, whereby all prefereoce shereholders will be given, in addition to any conversion rights, the right to convert alt their preference shares into ordinary.

Schemes will remove uncertainty whether holders of convertible preference shares wnuld exercise their present conversion rights, or wbether redemption and dividend obligations (in respect of £570,000 oominal of preference sbares outstanding), would need to be met over the coming years.

Under the scheme, holders of two classes of preference ahares will be given the right to convert their boldings of preference into ordinary at the rate of 3.7813 new ordinary for each preference share held. Preference shareholders can also accept a cash offer.

Group turnover for the year improved from £15.1m to £16.24m. There were financial cbarges of £582,000 (£513,000), and an extraordinary debit this time of £22,000. No tax was payable against £10,000.

The directors say that seles of President office furniture were 15.3 per cent up, and sales of Woodstock office equipment wholesale division were 34.2 per cent higher. All divisions are now profitable.

Borrowings during the year fell by £1m to £2.6m, considerebly reducing gearing and providing a much strengthened baleoce sheet, they add.

● comment

It looks almost certain tbat Arenson Group will win acceptance of the early conversion of the preference sbares legacy from the 1981 capital injection by 3i and others. Even if the institutions take the cash alternative of 38.25p a share up to the maximum level allowed, 77 per cent, then it will not affect tha company as it witt be np to banker Brown, Shipley to place the 1.65m sbares. Naturatty enough the market has concluded that for the time being there is little to bold the shares much over this cash level and they fell 2p to 37p. But with the basic business now in the retatively secure office furniture area, the prospects for the next coupla of years took reasonable. Gone are the loss making overseas involvements; gearing is down to 82 per cent of sharehotders' funds from 300 per cent; and costs have been pared significantly. In the present year £900,000 pre-tax is the brokers' forecast, which has the sbares on a modest prospective multiple of just over five. Accumulated tax tosses suggests only ACT payments for two years hence and the wipiog out of the £171,000 owed on missed preference dividends as part of the proposed conversion scheme must also be welcome.

PCT hit by problem acquisition

By Frank Kane

THE ACQUISITION last Mey of hydraulic lifting company Coubro & Scrntton has led to considerable problems for PCT Group, the Glasgow-based powor tools and welding equipment concern.

PCT's interim statement, released yesterdey, included a note tn the effect that Coubro's current balance sheet does not match the stated position at the date of acquisition. The shortfall could be es much as £500,000—about half of the purchase price.

The cost of financing the Coubro purchase, amounting to nearly £24,000 for the twn months to June 30 1985, is also included in a nearly doubted charge for interest. This further depressed tbe group's pre-tax line—after a £183,000 fall tn £307,000 at the operating level—to leave it with a profit of £167,000, well down on the comparable £415,000.

Mr Paul Garvey, the finanee director, said yesterday that be boped the Coubro position could be settled amicably, but added: "It could end up in the courts." There is no contribution from Coubro included in the results, but a charge of £136,000 is ebown as an extraordinary item.

The depressed trading position—turnover fell from £4.46m to £4.27m—also reflected the static situation in the North Sea market, wbich is PCT's mainstay.

The dividend is beld at 1.6p net, despite earnings cut from 6.7p to 3.5p. Directors and employees have waived their entitlement on nearly 3m shares. PCT's shares fell 5p to close et 100p, well down on the 150p USM flotation price in tate 1983.

FIH progress

A 15 PER CENT increase from £2.86m to £3.29m in pre-tax profits is reported by Ferguson Industrial Holdings for the six monlhs to August 31 1985.

Trading profits show an tncrease of over £900,000 to £4.12m, due entirely to the still growing printiog and packaging division.

Of the total increase of £1m to £3.34m in the printing and packaging, £197,000 was attributable to recent acquisitions. At the trading level, building supplies was down from £794,000 to £604,000, and manufacturing was lower at £104,000

Tax rose from £1.16m tn £1.32m, and after dividends of £726,000 (£658,000), retained profits came out at £1.25m agelnst £1.05m. The interim dividend is increased from 2.5p net to 2.75p

Hambros acquisition

Hambros has acqnired 75 per cent of Cunningham, Hart and Company (Holdings) from its directors, who are to retain the balance. Cunningham is a firm of loss adjusters working for all the major insurance companies. Hambros intends to help it to complete its national cnverage and to encourage overseas development.

Consideration bas been by the issue of new limited voting shares of 5p each in Hambros having a value of £3.61m. Deferred consideratinn, inclnding new Hambros sbares having a value of £1.13m, will he payable wben the accounts for the year to September 30, 1986 have been audited.

Aquascutum ahead

Aquascutum Gronp, mannfacturer and distributor of clothing, increased its pre-tax profits from £242,000 to £445,000 in the balf-year to July 31 1985 and the directors say the upward trend should continue in the second half.

Turnover improved from £13.02m to £16.34m. The interim dividend is iocreased from 0.75p to 0.8p net, and stated earnings improved from 0.72p to 1.19p. First half tax waa bigher at £201.000 compared with £94,000.

ICH result

International City Holdings' offer for sale of 13.99m shares was nearly 18 times oversubscribed with 88,892 applications received for 261.58m shares. A total of 254 employee priority applications for 3.21m sheres were received to respect of the 1.4m ahares reserved. The remaining 12.59m shares have been allocated on the following basis: between 100-500 sbares, a weigbted ballot for 100 shares; for between 1,000-5,000 sbares, a weighted ballot for 300 shares; and for 6,000 shares and abnve about 5.7 per cent of the sbares epplied for.

MINTY, the Oxford-based furniture manufacturer, incurred losses of £157,244, against £211,223, in the six months to July 27 1985, on turnover of £1.39m (£1.5m). There was an extraordinary credil this time of £128,951 from land and building disposals. There was oo tax (credit £79,660).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aqoascutum	int	0.8	Jan 6	0.75	—	2.25
Asset Special	iot	0.5	—	0.46	—	0.96
Castle (GB)‡		nil	—	1.78	nil	2.9
Ferguson Ind	int	2.75	Jan 2	2.5	—	7.15
Future Hldgs	int	2.5	Jan 17	1.86	—	5.63
Hill Samuel	int	3.6	Jan 2	3.25	—	11.55
Loodon Entertainments		2.33	—	2.15	2.33	2.12
Loodon & Prov		2.6	Jan 3	3	4.6	4
N. Atlanlic Secs		3.4	—	2.2	3.4	3.2

Dividends shown peoce per sbare except where otherwise stated.
* Equivaleot after allowing for scrip issue. † On capital increased hy rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Fri Nov 8 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs Nov 7 Index No.	Wed Nov 6 Index No.	Tues Nov 5 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	558.15	+0.4	10.33	4.07	12.16	13.81	556.85	560.15	555.68	548.45	577.15	22/1	483.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	623.45	−0.3	10.52	4.31	11.83	15.30	625.01	625.53	626.24	508.54	628.02	31/10	472.11	26/2	628.02	31/10/85	44.27	11/12/74
3	Contracting, Construction (28)	950.56	−0.2	10.24	4.47	12.59	25.93	952.52	953.89	955.42	714.33	963.49	30/10	684.17	8/3	963.49	30/10/85	71.48	2/12/74
4	Electricals (13)	1559.50	+0.3	10.16	4.04	12.61	49.94	1554.28	1580.27	1571.62	1561.95	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1293.56	+0.6	11.83	3.50	11.15	30.72	1286.35	1309.69	1276.64	2012.3	1977.40	9/1	1229.01	8/10	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	326.95	+1.4	10.39	4.40	11.66	8.19	322.56	323.81	324.60	262.19	326.95	8/11	263.85	25/7	326.95	8/11/85	45.43	3/1/75
8	Metals and Metal Forming (7)	232.72	+1.4	11.24	6.87	11.04	5.98	229.45	230.68	232.18	169.64	232.72	8/11	165.08	14/1	232.72	8/11/85	49.65	6/1/75
9	Motors (17)	196.09	+0.8	11.78	4.35	10.31	4.93	194.56	193.46	193.21	135.72	196.09	8/11	142.57	3/1	196.09	8/11/85	19.91	6/1/75
10	Other Industrial Materials (20)	1018.06	−0.4	7.36	3.54	16.30	23.48	1022.23	1029.11	1017.30	751.61	1029.11	6/11	828.60	3/1	1029.11	6/11/85	277.55	15/1/81
21	CONSUMER GROUP (177)	757.28	+0.1	8.52	3.56	14.71	14.71	756.74	759.65	755.92	567.02	759.65	6/11	604.96	3/1	759.65	6/11/85	61.41	13/12/74
22	Brewers and Distillers (23)	786.73	+0.6	8.76	3.68	14.51	13.92	781.99	788.26	776.80	534.96	786.73	8/11	550.86	3/1	786.73	8/11/85	69.47	13/12/74
25	Food Manufacturing (22)	546.22	−0.5	10.89	4.50	11.04	13.66	549.00	552.93	553.71	448.65	553.71	5/11	471.62	25/7	553.71	3/11/85	59.67	11/12/74
26	Food Retailing (14)	1712.51	−0.6	5.98	2.49	22.74	23.30	1723.53	1727.20	1725.37	1336.43	1727.20	6/11	1400.36	1/3	1727.20	6/11/85	54.25	11/12/74
27	Health and Household Products (9)	1170.94	+0.1	6.52	2.80	18.00	11.95	1169.20	1176.08	1177.14	934.06	1177.53	4/11	900.65	11/4	1177.53	4/11/85	175.38	28/5/80
29	Leisure (24)	742.37	+0.6	7.73	4.45	15.98	23.43	737.77	737.70	736.80	626.66	742.37	8/11	590.69	12/7	742.37	8/11/85	54.83	9/1/75
32	Newspapers, Publishing (11)	1898.76	+0.1	7.12	5.14	17.75	51.02	1895.99	1896.69	1898.50	1318.77	1924.08	1/11	1445.15	3/1	1924.08	1/11/85	55.08	6/1/75
33	Packaging and Paper (13)	370.67	+0.3	9.78	4.20	12.21	8.10	369.65	371.04	370.29	262.8	377.13	9/9	286.36	3/1	377.13	9/9/85	43.46	6/1/75
34	Stores (42)	790.49	+0.1	6.63	2.74	20.45	12.16	789.87	795.10	786.63	518.34	795.10	6/11	529.47	19/2	795.10	6/11/85	52.63	6/1/75
35	Textiles (16)	371.13	+1.5	11.70	4.51	9.73	8.38	365.76	362.52	365.48	287.54	371.13	8/11	293.07	3/1	371.13	8/11/85	62.66	11/12/74
36	Tobaccos (3)	832.92	−0.3	16.18	5.39	7.04	30.77	835.77	844.10	824.24	725.65	1010.69	8/2	714.72	26/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	714.47	+0.4	8.96	4.00	14.45	15.37	711.97	713.69	713.38	495.63	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (18)	692.91	+0.2	14.25	5.51	9.27	26.19	691.51	696.96	700.86	665.77	832.26	22/2	645.96	26/9	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	226.47	−1.4	7.03	3.87	16.96	6.20	229.58	230.66	224.11	137.14	230.66	6/11	154.74	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (11)	1365.84	+0.2	7.21	3.98	17.03	36.20	1362.44	1369.28	1366.51	899.59	1378.83	30/10	958.08	3/1	1378.83	30/10/85	90.80	29/6/62
46	Miscellaneous (63)	903.99	+0.6	7.14	3.60	17.21	15.64	898.96	900.23	900.33	691.58	903.99	8/11	787.88	26/7	903.99	8/11/85	60.39	6/7/75
48	Telephone Networks (2)	895.16	+0.4	8.30	3.63	16.06	14.38	891.47	891.54	891.54	0.0	935.70	30/8	701.92	3/1	935.70	30/8/85	517.92	30/11/84
49	INDUSTRIAL GROUP (482)	701.23	+0.2	9.07	3.80	13.94	14.90	699.71	702.73	699.58	556.07	702.73	6/11	599.75	3/1	702.73	6/11/85	59.01	13/12/74
51	Oils (18)	1142.11	−0.7	16.47	7.66	7.45	60.65	1150.45	1161.48	1155.25	1089.74	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	738.93	+0.1	9.96	4.27	12.61	18.56	738.17	741.84	738.48	600.67	741.84	6/11	634.98	3/1	741.84	6/11/85	63.49	13/12/74
61	FINANCIAL GROUP (114)	525.30	+0.3	—	4.61	—	14.94	523.93	526.26	521.19	401.29	526.26	6/11	430.10	4/1	526.26	6/11/85	55.88	13/12/74
62	Banks (6)	529.91	+0.3	16.91	5.59	8.45	20.18	528.47	529.65	513.09	414.57	529.91	8/11	420.58	15/4	529.91	8/11/85	62.44	12/12/74
65	Insurance (Life) (9)	790.89	+0.4	—	4.30	—	23.40	787.69	805.71	805.56	584.6	805.71	6/11	580.95	4/1	805.71	6/11/85	44.88	2/1/75
66	Insurance (Composite) (7)	399.85	+0.1	—	4.93	—	9.88	399.27	402.56	401.68	285.10	402.56	6/11	303.16	25/2	402.56	6/11/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1209.91	—	6.96	3.57	19.20	29.71	1209.40	1225.37	1226.74	828.17	1248.78	15/3	1009.26	25/7	1248.78	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	288.57	+0.3	—	3.95	—	5.80	287.70	282.08	275.81	199.84	288.57	8/11	220.65	3/1	288.57	8/11/85	31.21	7/1/75
69	Property (51)	698.92	+0.4	5.38	3.47	24.92	12.71	696.31	693.41	694.13	625.73	699.54	17/10	585.78	10/7	699.54	17/10/85	56.01	20/4/65
70	Other Financial (23)	310.58	+0.1	9.82	5.35	12.58	11.08	310.30	309.24	308.25	250.99	310.58	8/11	261.32	26/7	310.58	8/11/85	33.29	17/12/74
71	Investment Trusts (107)	635.55	+0.2	—	3.39	—	12.63	634.47	631.35	629.24	543.99	635.62	7/3	557.78	31/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	253.13	+0.5	13.22	6.14	8.80	10.40	251.96	253.80	253.24	289.57	311.08	15/4	240.20	3/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	589.72	—	12.79	6.78	9.27	26.76	590.04	593.04	594.49	593.29	687.15	22/1	542.27	15/10	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	676.10	+0.1	—	4.32	—	17.39	675.20	678.20	674.63	549.61	678.20	6/11	581.88	3/1	678.20	6/11/85	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Nov 7	Nov 6	Nov 5	Nov 4	Nov 1	Year ago								
	FT-SE 100 SHARE INDEX	1390.1	+5.3	1390.1	1377.5	1384.8	1395.0	1383.7	1380.9	1379.0	1164.2	1395.0	6/11	1206.1	3/1	1395.0	6/11/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 8	Day's change %	Thurs Nov 7	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.58	—	118.65	0.08	10.54
2	5-15 years	132.36	−0.21	132.63	—	11.87
3	Over 15 years	137.35	−0.28	137.74	—	11.77
4	Irredeemables	148.85	−0.37	149.40	—	13.34
5	All stocks	130.04	−0.15	130.26	0.03	11.52
6	Debentures & Loans	113.58	−0.19	113.79	—	8.97
7	Preference	82.83	−0.11	82.92	—	5.77
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.43	−0.11	110.55	—	2.69

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 8	Thurs Nov 7	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low Coupons	5 years	9.97	9.95	10.54	11.56	28/1	9.75	18/10
2		15 years	10.24	10.20	10.16	11.20	28/1	9.98	18/10
3		25 years	10.26	10.22	9.85	10.72	29/1	10.00	18/10
4	Medium Coupons	5 years	10.86	10.81	10.99	12.39	28/1	10.58	4/10
5		15 years	10.60	10.56	10.53	11.63	28/1	10.30	18/10
6		25 years	10.26	10.22	9.95	10.97	29/1	9.96	18/10
7	High Coupons	5 years	10.97	10.92	11.00	12.53	28/1	10.65	4/10
8		15 years	10.75	10.70	10.78	11.76	28/1	10.43	18/10
9		25 years	10.44	10.38	10.08	11.03	29/1	10.09	29/7
10	Irredeemables†		9.81	9.77	9.66	10.49	28/1	9.58	18/10
11	Debs & Loans	5 years	11.40	11.20	11.70	12.63	29/1	11.06	10/10
12		15 years	11.29	11.20	11.61	12.37	29/1	11.04	21/10
13		25 years	11.17	11.20	11.52	12.37	29/1	10.99	21/10
14	Preference†		11.86	11.84	12.76	13.14	29/1	11.73	25/10
15	Inflation rate	5%	3.64	3.63	3.30	3.72	16/7	3.11	11/3
16		10%	3.47	3.45	3.13	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGE: Baltic (70) has been deleted but not replaced.

NAME CHANGE: Forshaws Burtonwood Brewery has changed its name to Burtonwood Brewery (22).

INTERNATIONAL COMPANIES and FINANCE

Tiger Oats shows strong advance

By Our Financial Staff

TIGER OATS, the leading South African food group, achieved a strong earnings advance in the year to September, against a trend of peer performances reported by much of the country's consumer sector.

However, the group attributed this largely to a strong cash position which enabled it to take advantage of high prevailing interest rates. This is in contrast to the burden of heavier servicing charges being borne by other manufacturing companies.

At the same time, turnover increased 35.4 per cent to R2.79bn ($1.1bn), a rise which was almost matched by a 34.1 per cent boost in pre-tax profits to R169.5m.

The final dividend of R1.40 per share compares with the R1.15 paid last year, making a total of R2.30 against R1.80. Earnings per share were R6.93, up from R5.68.

The group singled out its Oceana Fishing subsidiary as having had an "excellent year."

Turner group lines up $300m disposal

BY TERRY BYLAND IN NEW YORK

VIACOM INTERNATIONAL, the radio, TV and cable entertainment group, confirmed yesterday that it is negotiating with Turner Broadcasting System for the purchase of 50 per cent of the MGM studio facilities acquired by Turner.

"The negotiations are proceeding favourably, but these things always take a little time," commented a Viacom executive, rejecting rumours that an agreement had already been concluded.

Viacom is likely to pay around $300m for the MGM assets, which Turner acquired as part of its $1.5bn purchase of MGM / UA Entertainment. Turner has said it wants to sell some MGM assets to reduce the debt resulting from the acquisition.

After being spun-off from CBS five years ago, Viacom has developed a strong presence in the broadcasting industry, and the MGM deal would open the way for entry into the film business.

Viacom itself has been the target of takeover speculation on Wall Street, and has been protecting itself by expanding operations through debt-financed deals.

Imasco boosts earnings

BY ROBERT GIBBENS IN MONTREAL

IMASCO, the tobacco products, fast food and retailing group in which BAT Industries of the UK has a 44 per cent stake, reports higher earnings for the first half and is optimistic for the rest of the fiscal year.

Second quarter profit was C$72.3m (US$52.6m) or 66 cents a share against C$61.9m or 60 cents on net revenues of C$1.06bn against C$869.3m. For the first six months earnings were C$134.4m or C$1.23 a share against C$113.9m or C$1.11 a share, on revenues of C$2.1bn against C$1.71bn. Net revenues exclude sales and excise taxes on tobacco products, and in both periods special gains were balanced by special charges.

Hochtief buys 40% of US engineer

By John Davies in Frankfurt

HOCHTIEF, the West German construction group, has taken a 40 per cent stake in Dames and Moore, the US engineer, and envisages close co-operation between them, especially in environmental protection.

Hochtief, with headquarters in Essen, carried out building work worth DM 4.89bn ($1.9bn) last year, 38 per cent of it abroad. It has more than 30,000 employees.

Dames and Moore, based in Los Angeles, has 750 engineers and scientists and is involved in projects throughout the world. Its specialities include geotechnology, earthquake protection and water usage, as well as pollution control.

Hochtief has already been taking steps to include environmental protection as a firmly established line of business. It has been involved, for instance, in work aimed at reducing pollution of the Tegel Lake in Berlin.

West Germany has become very conscious of environmental protection in recent years. While this is providing business opportunities for some companies, they also face strong competition and stringent technical demands.

Hochtief said that with its stake in Dames and Moore, the two companies would enter into technical co-operation in future-oriented fields.

In terms of work performed, Hochtief ranks as West Germany's second largest construction company after Philipp Holzmann. About four years ago it acquired a 20 per cent stake in its larger rival.

Hochtief, which is 39 per cent owned by RWE, the electricity utility, has built a reputation as a highly profitable concern, despite the problems which the building industry has faced both within Germany and abroad.

CdF Chimie debts cut by FFr 5bn in rescue plan

BY PAUL BETTS IN PARIS

THE FRENCH Government has come to the rescue of CdF Chimie, one of the country's largest state-owned heavy chemicals companies, by agreeing with Charbonnage de France, the French coal board, to write-off a total of FFr 5.1bn ($637m) in advances and loans.

The coal board will also see its control of CdF Chimise rise to 95 per cent from 61 per cent while the Government will retain a direct 5 per cent stake. The group lost FFr 2.7bn in 1983, a further FFr 930m last year and it is expected to lose around FFr 1 bn or more this year.

Mr Michael Hug, the managing director of Charbonnage, will assume management control of the company, which employs about 16,000 people. CdF Chimie has annual sales of about FFr 24bn.

By writing-off FFr 5.1bn in loans and advances, the French Government and Charbonnage will have restored the balance-sheet to something approaching economic viability. At the same time, capital is to be reinforced. It will be increased from FFr 800 to FFr 2bn.

This is the latest of the big financial restructuring operations in the French nationalised industrial sector. The Government was understood to be anxious to clear up CdF Chimie's precarious position before next year's general elections.

The rescue is expected to be followed by an industrial restructuring. Mr Hug is seeking to return the group to the black next year.

The write-off of loans and advances has been split, with the state writing-off directly FFr 2.17bn and Charbonnage FFr 2.94bn.

Sulzer looks for 1985 recovery

BY OUR FINANCIAL STAFF

SULZER, the Swiss engineering group, expects to swing back into profit for 1985 on slightly higher turnover after heavy losses in recent years.

Orders in the first nine months reached SFr 3.7bn ($1.7bn), which was above expectations and compared with SFr 3.4bn for the same 1984 period.

For 1984 Sulzer reported a group net loss of SFr 18m down from a SFr 102m loss in 1983. Last year's parent company net loss was SFr 5.2m.

Sulzer says the improving world market for most products has pushed up capacity use and work in hand. The weaving machine sector, accounting for about 25 per cent of orders, continued strong, with a drop in US orders compensated for by rises in other overseas markets and Europe.

The central heating and air-conditioning sectors, medical technology, hydraulic and paper machines were also doing well.

However, the diesel engine division remained weak, and the French subsidiary Compagnie de Construction Mecanique Sulzer was likely to make a loss this year despite restructuring.

Japanese November issue uncertain

BY YOKO SHIBATA IN TOKYO

JAPANESE GOVERNMENT bond prices tumbled again yesterday reflecting the yen's sharp decline against the dollar on Friday, and uncertainty about whether the scheduled November issue would go ahead, given the poor market conditions.

Trading was slow in the over-the-counter market, and the yield on the benchmark 6.8 per cent 68th long-term bond jumped to 6.63 per cent from 6.49 per cent.

The yen's plunge against the dollar fuelled investor concern that the Bank of Japan might tighten its grip on credit. However, the central bank postponed scheduled buying operations through the issue of Y500bn ($2.4m) in short-term securities.

The Ministry of Finance had the previous day proposed to raise the coupon rate on the November bond series by 0.5 point to 6.5 per cent, but negotiations with the underwriters remain unresolved.

The ministry does not wish to abandon the November issue because the money market in November usually has a large surplus of funds.

Barclays Kenya to make local offering

By Mary Anne Fitzgerald In Nairobi

BARCLAYS BANK Kenya, a subsidiary of the British bank, is to make a public share offering which will effectively transfer some 30 per cent of its equity to Kenyans, in an issue which is expected to be the largest to appear on the Nairobi Stock Exchange in a decade.

It is offering 5m new shares to raise capital, and it intends the issue to be as widely spread as possible among individual Kenyan citizens.

The nominal per-share value is 10 shillings (66.4 cents) but the offer, due early next year, is expected to be made at a premium well above this value.

Barclays' planned expansion of its capital base comes at a time when legislation currently before parliament aims to increase the ratio of commercial banks' share capital to deposits. The bill proposes to double the rate from 5 per cent to 10 per cent but observers predict that the final figure will be somewhere between the two.

The new capital will be used to expand Barclays' rural network. Barclays is already a leader in the Kenyan countryside, with four-fifths of its branches outside the capital. Mobile vans service the less accessible regions.

The British bank's Kenyan operation long ago acquired a reputation as a trendsetter. In 1978 it became the first and only foreign bank in Kenya to incorporate locally. The formation of a merchant banking arm is also scheduled for early 1986, giving the bank a wider mandate.

Barclays has been negotiating with the government for permission to go public for some years.

S. Africa mine lifts output

By Jim Jones in Johannesburg

EASTERN TRANSVAAL Consolidated Mines, the smallest of South Africa's listed gold mining companies, is to increase production by about a quarter at a cost of R26m ($10.1m). The mine plans to establish new operations at its Princeton prospect, just south of the company's Agnes mine.

The Princeton prospect contains an estimated 1.5m tonnes of ore capable of yielding about 5.5 grams per tonne. The intention is to establish mining operations to extract an annual 84,000 tonnes of ore. Work on the project is planned to start in the next six months and will be completed in 1989. Finance will be provided from retained earnings.

Saint Gobain sees gain in spite of rising costs

BY DAVID MARSH IN PARIS

SAINT GOBAIN, the French state-owned glass and engineering concern, said net profits attributable to the group rose to FFr 322m ($40m) in the first six months of 1985 from FFr 299m in the same period last year.

Pre-tax profits over the period rose to FFr 734m from FFr 573m, with operating profits up to FFr 1.47bn from FFr 1.02bn. Sales rose by 3.2 per cent to FFr 31.03bn, with the increase amounting to 5.7 per cent on a comparable basis.

The company expects results for the group to improve for 1985 as a whole despite increasing costs caused by the integration into its accounts of its construction subsidiary, Societe Generale d'Entreprises acquired in 1983. Group net profits last year totalled FFr 514m against FFr 405m in 1983.

Capital investment rose to FFr 1.89bn in the first half from FFr 1.36bn in the same 1984 period. This was totally covered by cash-flow of FFr 2.25bn, up 20 per cent from last year.

The company said its results improved in West Germany,

Jacobs plans stake in West German trader

By Our Financial Staff

JACOBS SUCHARD, the Swiss chocolate and coffee processor which sells under the Tobler and Suchard labels, plans to acquire a minority interest in Bernhard Rothfos, a West German trading house with a turnover of DM 3bn ($1.1bn).

Jacobs will issue participation certificates to finance this move and further activities. Details of the issue will be released next week. The value will not top SFr 10m ($4.6m).

Rothfos is one of the larger trading houses in the world involved in coffee. The deal represents Jacobs' continuing efforts to strengthen its share of the raw materials business.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$340	—	—	—	—	2	12	$322.30
GOLD C	$360	—	—	1	3	0	6.30	"
GOLD P	$300	—	—	50	0.30	80	4.40	"
GOLD P	$320	195	2.50	—	—	—	—	"
GOLD P	$340	3	18.30	16	10	13	20	"
GOLD P	$360	5	37	—	—	—	—	"
		Dec.		March		June		
SILVER C	$650	5	3	3	25	9	32	$605
SILVER C	$750	5	2	—	—	—	—	"
$/FL C	Fl.285	10	11.50	50	14	10	15.80	Fl.296.20
$/FL C	Fl.290	40	8	50	11.50	—	—	"
$/FL C	Fl.995	20	5	30	—	—	—	"
$/FL C	Fl.300	155	3 A	—	5.20 B	—	—	"
$/FL C	Fl.305	3	1.40	10	2	—	—	"
$/FL C	Fl.310	11	0.80	2	3.60	—	—	"
$/FL C	Fl.315	74	0.50	5	8.60	—	—	"
$/FL C	Fl.320	29	0.30	14	9	—	—	"
$/FL P	Fl.285	10	1.70 B	17	5.50 B	—	—	"
$/FL P	Fl.290	18	3	3	—	—	—	"
$/FL P	Fl.295	23	4.30	10	8.50	—	—	"
$/FL P	Fl.300	125	7.60	—	—	—	—	"
$/FL P	Fl.310	1	13	3	13.20	—	—	"
$/FL P	Fl.330	—	—	—	—	5	30	"
$/FL P	Fl.335	5	32	5	41 A	—	—	"
		Jan.		Apr.		July		
ABN C	Fl.550	188	9.50	13	16	1	10	Fl.545
ABN P	Fl.540	81	10	19	13	—	—	"
AEGN C	Fl.100	477	8.30	155	11.20	7	19.50 B	Fl.106.50
AEGN C	Fl.110	790	3.50	138	5	4	6.50	"
AEGN P	Fl.100	522	1.50	11	2.30	—	—	"
AH C	Fl.280	59	5A	40	14.20B	—	—	Fl.278.50
AH P	Fl.270	125	5	—	—	—	—	"
AKZO C	Fl.130	1968	4.30	212	7.70	114	8.50	Fl.128.30
AKZO P	Fl.120	519	1.30	81	2.50	79	5.80	"
AMRO C	Fl.85	110	14.50 B	8	15.30	—	—	Fl.99.30
AMRO P	Fl.95	88	1.70	11	2.60	—	—	"
GIST C	Fl.240	55	10.10	—	—	—	—	Fl.44.50
GIST P	Fl.230	155	2.30	—	—	—	—	Fl.244.50
HEIN C	Fl.120	121	6.20	3	9 A	1	10	Fl.188.80
HEIN P	Fl.180	180	3.30	49	5.30	—	—	"
HOOG C	Fl.65	789	2.80	144	4.20	20	5.30	Fl.73.20
HOOG P	Fl.70	215	1.40	10	2.40	92	4	"
KLM C	Fl.55	434	2	207	3.30	0	4.50	Fl.52.20
KLM C	Fl.60	524	0.90	248	3	—	—	"
KLM P	Fl.55	369	3.80	9	4.50	12	5.20	"
NEDL C	Fl.280	88	11.50	—	—	—	—	Fl.185
NEDL P	Fl.170	20	0.80	—	—	—	—	"
NATN C	Fl.80	164	3.00	97	4.80	6	5.50	Fl.80
NATN P	Fl.80	95	2.50	52	3.80	—	—	"
PE.R C	Fr.5500	5	550	—	—	—	—	Fr.5720
PHIL C	Fl.50	957	5.10	209	4.70	56	5.30	Fl.58.40
PHIL C	Fl.55	975	1.10	825	2.20	230	2.70	"
PHIL P	Fl.50	271	1.60	171	9.30 B	33	3.20	"
RD C	Fl.190	766	3.50	249	2.70	19	2.50	Fl.183
RD P	Fl.180	808	9.70	358	4.10	259	6.40	"
RD P	Fl.190	475	7.90	559	8.20	43	11.00	"
ROBE C	Fl.80	78	1	26	1.40	40	8	Fl.79.50
ROBE P	Fl.75	—	—	10	1.80	—	—	"
UNIL C	Fl.380	158	4.10	14	2 B	1	18.50	Fl.361.50
UNIL P	Fl.340	118	4.40	7	8.20	9	11	"

TOTAL VOLUME IN CONTRACTS: 99,861
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*553)	550	70	88	—	5	10	—
	560	33	40	50	14	50	40
	600	12	18	85	45	55	60
Cons. Gold (*479)	390	104	119	—	2	2	—
	420	77	85	85	4	10	17
	460	48	58	77	15	87	35
	350	25	34	50	37	60	57
	550	13	—	—	77	—	—
	500	4	—	—	—	—	—
Courtaulds (*166)	180	49	53	—	1	1½	—
	150	39	43	—	1	8	—
	140	88	35	35	1½	5	4
	160	18	17	01	5	8	0
Com. Union (*256)	900	68	56	—	1½	8	—
	800	40	47	—	2	4	—
	240	95	50	38	5	10	11
	260	11	90	07	16	17	21
G.E.C. (*164)	140	30	38	—	2	3	—
	150	16	24	30	5	8	11
	180	7	13	17	18	20	20
	200	2	7	—	38	36	—
Grand Met. (*368)	300	77	80	—	1½	4	—
	330	47	53	58	4	7	10
	360	23	38	46	10	13	20
	300	10	18	27	95	08	30
I.C.I. (*671)	300	85	93	110	9	8	12
	650	50	57	70	17	09	37
	700	00	87	40	42	68	70
	750	10	—	—	20	—	—
Land Sec. (*308)	260	66	—	—	1½	—	—
	280	46	54	—	1½	4	—
	350	29	57	45	8	7	11
	560	11	13	04	14	18	21
Marks & Sp. (*182)	140	45	50	—	1	2	—
	150	85	30	35	2	4	8
	180	0	15	20	7	0	10
	200	5½	B	12	21	22	24
Shell Trans (*852)	650	38	50	50	16	23	30
	750	15	25	93	32	50	60
	750	4	11	—	88	26	—
Traf'gar Hse (*352)	330	42	49	56	3	5	7
	350	10	28	37	11	17	21
	390	7	14	20	30	52	36

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds (*303)	250	43	55	60	1	3	6
	280	83	53	45	0	8	11
	350	7	22	30	10	12	17
	330	1	8	17	50	35	37
Barclays (*434)	520	—	95	108	—	4	8
	385	60	—	—	1	—	—
	580	—	66	72	—	10	12
	420	—	40	50	—	17	22
	403	11	—	—	10	—	—
Brit. Aero (*430)	300	135	183	—	1	1	—
	330	195	133	143	1	1	1
	560	95	105	113	1	3	2
	590	65	75	83	2	4	7
	420	37	62	73	8	15	23
	460	10	30	43	20	32	99½
BritTelecom (*122)	180	34	00	—	0⅛	1½	—
	170	24	—	—	0¼	—	—
	180	16	20	28	1	4	6
	200	1½	10	16	10	14	14
	280	0¼	4	5½	29	29	28
Imperial Gr. (*215)	160	38	63	65	0½	2	3
	180	38	46	47	1	4	5
	200	18	90	34	1	7	10
	220	4	15	16	9	12	17
LASMO (260*)	240	18	40	60	4	11	17
	860	8	28	38	15	32	27
	220	2	18	06	05	57	40
	825	1	—	—	45	—	—
	550	—	9	17	—	60	57
	525	1	—	—	75	—	—
LONRO (164*)	140	25	28	50	1	1½	2
	150	5¾	12½	15	1½	5½	9½
	180	1	5½	7½	18	12	10

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*428)	390	42	50	60	9	7	10
	420	16	32	40	5	13	22
	460	8	14	95	53	37	40
Racal (*136)	120	18	26	34	1	2½	6
	130	0	18	28	3	7	10
	140	4	12	15	8	14	18
	150	1	4½	0	25	28	30
R.T.Z. (*534)	500	57	60	62	1½	12	20
	550	5	29	38	20	40	60
	200	1	11	22	70	80	82
Vaal Reefs (*556)	45	11½	14	16½	0⅛	1¼	3¼
	50	7	10	11½	1¼	5½	7
	60	1	5½	7¼	7½	0½	18½
	70	0¼	3	4¼	16½	17½	12½
Ex10% 1989 (*298)	94	3¾	4⅛	—	0½	0½	—
	96	1¾	0⅛	—	0⅛	0½	—
	98	0⅛	0¾	—	0⅛	0⅛	—
	100	0⅛	0⅛	—	a⅛	0½	—
Tr. 11¾% 1991 (*£104)	102	—	—	2¼	—	—	0½
	104	—	—	1⅛	—	—	1½
	106	—	—	0⅛	—	—	2⅛
Tr. 11¾% 03/07 (*£110)	108	0⅛	2⅛	3⅝	0⅛	0½	0⅛
	110	0⅛	1⅛	0⅛	0⅛	1⅛	1⅛
	112	0⅛	0¾	1⅛	0⅛	2⅛	3¼
	114	0⅛	0⅛	0¾	4⅛	4⅛	4¼

Option		Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
BTR (*373)	060	37	—	—	7	—	—
	360	—	37	48	—	13	25
	375	18	—	—	10	—	—
	390	8	20	33	22	30	35
Beecham (*325)	300	28	42	46	5	8	15
	330	3	00	25	1e	05	aa
	360	5	5	—	49	42	—
Bass (*552)	600	162	170	—	1	3	—
	650	112	120	130	2	8	10
	800	63	72	90	4	8	15
	650	26	40	50	22	27	32
De Beers (*$4.10)	590	33	60	75	16	24	30
	420	82	37	47	30	42	50
	460	4	22	30	60	70	85
	500	2	8	—	—	105	—
GKN (*263)	220	37	44	61	1	3	5
	240	22	28	36	4	9	11
	260	10	19	23	15	17	20
Glaxo (*1508)	1300	210	250	280	6	10	—
	1350	150	205	230	18	18	55
	1400	113	166	190	23	55	45
	1450	80	153	133	53	45	53
	1500	50	100	150	53	65	75
Hanson (*218)	120	45	47	51	2	5½	7
	105	28	—	—	9	—	—
	200	—	34	38	—	8	11
	213	15	—	—	8	—	—
	020	—	81	25	—	16	12
Jaguar (*328)	240	01	07	—	1	1	—
	250	71	77	84	1½	1½	9
	080	51	58	62	2	5	8
	350	38	49	37	6	12	15
	330	18	29	37	16	19	25
Thorn EMI (*389)	380	55	47	55	9	12	17
	390	17	87	35	22	27	32
	420	5	14	20	42	47	50
Tesco (*293)	255	45	—	—	9	—	—
	260	—	45	56	—	2	2
	280	22	88	57	8	10	16
	300	9	16	25	14	18	20

Option		Calls Nov	Calls Dec.	Calls Jan.	Calls Feb.	Puts Nov.	Puts Dec.	Puts Jan.	Puts Feb.
FT-SE Index (*1385)	1073	113	—	125	—	1	—	4	—
	1300	88	88	102	—	1	5	10	—
	1025	63	—	82	—	2	—	16	—
	1350	48	57	63	—	8	13	25	—
	1375	28	38	47	37	15	23	35	42
	1400	13	25	36	46	27	38	48	60

November 8 Total contracts 10,379 Calls 8,015 Puts 2,363
*Underlying security price

JAPANESE RESULTS

MARUZEN OIL
OIL MARKETING

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	603	762
Pre-tax profits (bn)	†9.65	†6.28
Net profits (bn)	†2.43	†8.23
Net per share	†5.93	†16.22
Dividend	0	0

PARENT COMPANY

MITSUI ENGINEERING & SHIPBUILDING
SHIPS, HEAVY MACHINERY

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	146	126
Pre-tax profits (bn)	1.78	2.28
Net profits (bn)	0.37	2.79
Net per share	0.55	4.41
Dividend	0	2.50

PARENT COMPANY

TAKEDA CHEMICAL INDUSTRIES
PHARMACEUTICALS

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	241	242
Pre-tax profits (bn)	26.60	24.53
Net profits (bn)	10.00	8.63
Net per share	12.92	13.51
Dividend	3.75	3.75

PARENT COMPANY

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
148	123	Ass. Brit. Ind. Ord.	131	—	6.6	5.0	7.3	8.7
151	135	Ass. Brit. Ind. CULS	137	—	10.0	7.3	—	—
77	43	Airsprung Group	59	—	6.4	10.2	0.2	12.8
46	26	Armitage and Rhodes	45	—	4.3	0.5	5.6	2.7
165	108	Bardon Hill	165	—	4.0	2.4	20.2	21.7
64	42	Bray Technologies	53	−1	3.0	7.4	2.5	7.5
201	150	CCL Ordinary	150	—	12.0	2.0	3.7	3.5
152	103	CCL 11pc Conv. Pf.	103	—	15.7	15.2	—	—
130	10	Carborundum Ord.	125xd	—	4.2	3.8	8.2	8.7
93	83	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—	—
73	46	Deborah Services	52	—	7.0	12.5	5.2	7.7
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	78	−1	—	—	3.1	5.6
50	20	Ind. Precision Castings	45xd	—	3.0	2.2	11.9	2.2
218	177	Isis Group	185	—	15.0	2.1	14.2	21.3
124	101	Jackson Group	107xd	+1	5.5	5.1	7.2	7.2
285	213	James Burrough	270	+2	13.0	3.6	8.5	23
95	83	James Burrough 9pcPf.	95	—	12.9	13.6	—	—
96	71	John Howard and Co.	75xd	—	5.0	6.6	2.0	0.4
225	100	Linguaphone Ord.	180s	—	—	—	2.6	6.9
100	80	Linguaphone 10.5pc Pf.	90s	—	15.0	10.7	—	—
850	300	Minihouse Holding NV	570s	—	2.9	1.2	24.2	23.7
120	31	Robert Jenkins	76	—	—	—	2.9	21.7
60	28	Scruttons "A"	31	—	—	—	—	7.0
92	61	Torday and Carlisle	68	—	5.0	7.4	3.4	6.2
444	320	Trevian Holdings	325	—	4.3	1.3	18.5	18.2
36	17	Unilock Holdings	38	—	2.1	5.2	2.8	2.2
112	21	Walter Alexander	119	+2	8.6	7.2	6.7	8.2
247	185	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

S = Suspended.
Prices and details of services now available on Prestel, page 48146

WORLD STOCK MARKETS

WALL STREET

Backing off from record levels

PRICES HEADED lower in early trading on Wall Street yesterday, backing off for a second day from record levels reached at midweek.

By 1 pm the Dow Jones Industrial Average was off 3.67 to 1,395.87, reducing its rise on the week to 5.62, while the NYSE All Common index, at $111.37, up 7 cents on the day and 82 cents on the week. Declines had a small lead over advances in a turnover of 85.45m shares.

Jerry Hinkle, of Sanford C. Bernstein, said the Stock Market appeared overbought on a short term basis and was feeling the effects of profit-taking after the gains of the last few weeks.

Westinghouse Electric led the actives, unchanged at $42⅞. Mattel were second, off $⅜ to $12⅛ on third quarter operating income down to 48 (62) cents per share.

American Standard moved up $1⅛ to $32 — it said it planned to sell several businesses and eventually repurchase a quantity of its own stock.

M/A Com rose $⅜ to $13⅛ on more than 1m shares after losing $3⅛ on Thursday on lower fourth quarter results.

Oils were mixed. Occidental advanced $1⅞ to $34⅛, but Atlantic Richfield shed $⅛ to $62⅞ and Amoco lost $⅞ to $65⅛.

General Motors dipped $⅜ to $66⅜ and Ford $⅛ to $46⅞. Chrysler firmed $⅛ to $40⅛.

THE AMERICAN SE Market Value index was up 0.47 to 231.80, making a rise of 2.49 on the week. Volume 5.5m shares.

Home Group led the active, up $⅛ to $23⅛.

CANADA

Mixed in active early trading as Golds and Oils moved higher, but companies with poor earning's reports posted declines.

The Toronto Composite index further improved 3.2 to 2,738.0 by noon and the Oil and Gas index rose 22.0 to 3,323.8. But Golds eased 1.5 to 4,061.8.

In actives, Gene Computer, predicting a small loss for its fiscal first half ended October 31, fell $1⅛ to $7⅛. Genstar rose another $⅜ to $28 on its report of higher third quarter profit. Crownx "A" climbed $⅛ to $21⅛ on sharply higher nine-month profit.

Closing prices for North America were not available for this edition.

TOKYO

Share prices rebounded from earlier lows in moderate trading to close almost unchanged, but brokers said investors remained uneasy over the direction of the yen.

The Nikkei Dow Market average closed down 0.12 at 12,851.05 after losing 41.16 Thursday. Turnover 320m (330m) shares.

The broader-based SE index lost 3.98 to 1,012.83. Volume 16m (17m) shares.

Brokers said uncertainty over the yen, short-term interest rates and the Bond market was continuing to overshadow the equities market.

Blue Chip Electronics eased. Utilities and Oils fell across the board and Domestic-Orientated shares also weakened. But many Biotechnologies rose.

Constructions and Housings slid broadly, while Real Estate and Warehouses also moved lower.

GERMANY

Easier across the board after a nervous session, which saw mainly commercial investors selling their stocks to take profits.

The 1.8 per cent drop in September industry orders published Thursday and a more volatile dollar lead to uncertainty over economic fundamentals and nervous trading by investors. Dealers also said a phase of consolidation could have set in after a series of record highs on stock indices in October.

The Commerzbank index dropped 16.6 to 1,755.0 after having reached a record high of 1,781.4 on Monday.

The Car sector, which gained strongly Thursday, traded in line with the wider market. Daimler shed DM 3 to 1,220, BMW lost DM 10 to 550 and VW DM 2 to 412.

Engineerings were sharply down, with Linde shedding DM 14 to 585, MAN DM 9 to 202 and GHH DM 4.50 to 219.

Electricals were mixed, with Siemens down DM 11 to 662 but SEL picked up DM 2.50 to 350.

HONG KONG

Share prices closed mixed in active trading.

The Hang Seng Index finished 0.45 up at 1722.38 and combined turnover totalled $HK435.78m ($HK493.90m).

The market opened weak with the index dropping 7.56 in the first hour. However, local and overseas institutional buying erased most of the early losses.

Some brokers said the initial weakness of the market was caused by a technical correction following Thursday's 21-point advance in the Hang Seng index.

Utilities performed better than most.

Most bankings were unchanged.

SINGAPORE

Slightly lower on profit-taking and some selling pressure after a higher opening in moderate trading.

The Straits Times Industrial index lost 0.92 to 780.27 and S.E. All Shares index 0.71 to 278.11. Volume 17.0m (17.5m) units.

DBS, the most active counter with 1.9m shares, rose 5 cents to S$6.15. Pan Electric firmed 3 cents to S$1.64 on 1.3m units, while Grand United Holdings shed one cent to S$1.69 on 888,000 shares.

Hotels, Properties and Commodities were narrowly mixed.

Monday is a holiday and markets will be closed.

AUSTRALIA

Australian share prices recovered from recent losses to close higher as a firmer local dollar reassured investors.

The All Ordinaries index was up to 10.4 at 1,012.4, the All Industrials 10.1 at 1,488.1, All Resources 10.4 at 644.7, Metals and Minerals 3.3 at 504.4 and Oil and Gas 6.2 at 663.9. But the Gold index was down 7.9 at 948.1.

National turnover 55.4m shares, valued at A$75m, with rises outnumbering falls 208 to 192.

Traders said a recovery in the Australian dollar boosted confidence in the share market, which combined with some bargain hunting and a lack of sellers in the market to drive up prices.

There were also rumours of renewed buying in Broken Hill Proprietary by Perth takeover specialist Robert Holmes à Court, which pushed BHP up 20 cents to A$8.58.

Moonie Oil rose 10 cents to A$3.25 in extremely heavy trading, prompting speculation that it is about to become the subject of a takeover bid.

Banks posted good gains.

MILAN

Basically lower in active, nervous trade as operators awaited results of the Senate's vote of confidence in the Government.

But growing anticipation of a positive vote led to a strong rally for many titles at the end of the session. Results of the vote, announced later, were in the Government's favour.

The market did not react to Thursday's half-point cut in discount rate to 15 per cent, which dealers said had already been largely discounted.

SWITZERLAND

Domestic shares firmer on higher volume despite profit-taking pressure at Wall Street.

The upward trend was based on the "cheap money" in Switzerland, with high turnover in futures indicating an increasing worldwide speculative sentiment.

Swiss Reinsurance put on SFr 650 to 13,500 in response to a favourable business report.

Engineering Sulzer shares were quoted higher in expectation of a swing back into profit in 1985.

Among Foods Jacobs-Suchard moved up SFr100 to 7,850 — it plans to create new participation certificates to finance a purchase of a shareholding in the Hamburg coffee trader Bernhard Rothfos KGaA.

In the Foreign sector, dollar stocks finished little changed.

Swiss franc bonds were mixed on average volume.

NEW YORK

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK

DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL

NEW YORK ACTIVE STOCKS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

هكذا من الأصل

CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar retreats from day's high

The dollar finished below the day's highs yesterday and down from Thursday's close in erratic trading. During the morning the US unit had continued the rally started late on Thursday afternoon, spurred on by reports that central banks were content to see the dollar consolidate at recent levels before contemplating any further downward correction. This immediately prompted energetic covering of short positions to such an extent that central banks were obliged to enter the market in order to contain the market's enthusiasm.

Both the Bundesbank and the Bank of Japan were active and managed to pull the dollar down from the day's highs. There was also some technical reaction after Thursday's very sharp rise. The dollar touched a high of DM 2.6445 but retreated to close at DM 2.6220 down from Thursday's close of DM 2.6285. Against the yen it improved to a high of Y207.60 before slipping to close at Y205.50 just down from Y205.60 previously. Elsewhere it fell to SFr 2.1550 from SFr 2.1590 and FFr 7.9850 from FFr 7.9975. On Bank of England figures, the dollar's exchange rate index rose to 129.6 from 129.1.

Sterling finished slightly firmer on the day. Its exchange rate index closed at 79.5 up from an opening level of 79.3. Thursday's closing level was also 79.3. Suggestions of an oil price war next year were quietly forgotten as attention once more focused on the attitude and activity of central banks. Against the dollar sterling slipped to $1.4165-1.4175, a fall of 15 points from Thursday. It was also lower against the D-mark at DM 3.7150 from DM 3.7250 and Y291.25 from Y291.50. Against the Swiss franc it slipped to SFr 3.0550 from SFr 3.0625 and FFr 11.3150 from FFr 11.3450.

£ IN NEW YORK

	Nov. 8	Prev. close
£ Spot	$ 1.4230-4245	$1.4100-4115
1 month	0.41-0.39 pm	0.41-0.40 pm
3 months	1.24-1.20 pm	1.25-1.22 pm
12 months	3.98-3.80 pm	3.95-3.85 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	Nov. 8	Previous
8.30 am	79.3	79.7
9.00 am	79.4	79.7
10.00 am	79.3	79.7
11.00 am	79.5	79.7
Noon	79.3	79.7
1.00 pm	79.4	79.7
2.00 pm	79.3	79.4
3.00 pm	79.4	79.4
4.00 pm	79.5	79.3

CURRENCY RATES

Nov. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.758199	0.594340
U.S. $	7½	1.07361	0.841201
Canadian $	8.84	*	1.16058
Austria Sch.	4	10.8194	1.24268
Belgian Fr	9	56.9738	44.6473
Danish Kr	7	10.1939	7.98638
D'mark	4	2.81718	2.30671
Guilder	5	6.17306	2.48760
French Fr	9½	8.58361	6.72644
Lira	15½	1897.98	1488.07
Yen	5	220.949	175.189
Norway Kr	8	8.47347	6.63358
Span'h Pta	—	172.961	136.406
Swedish K	10½	N/A	5.62306
Swiss Fr	4	2.51256	1.81466
Greek Dr'ch	20½	165.696	129.702
Irish Punt	—	0.010997	0.713886

* C$/SDR rate for November 7: 1.48520.

CURRENCY MOVEMENTS

Nov. 8	Bank of England Index	Morgan Guaranty Change %
Sterling	79.5	−17.0
U.S. dollar	129.6	+17.8
Canadian dollar	85.0	−9.6
Austrian schilling	118.8	+5.0
Belgian franc	92.0	−8.5
Danish Kroner	81.7	−3.6
Deutsche mark	127.7	+0.0
Swiss franc	150.5	+13.9
Guilder	118.1	+5.6
French franc	68.5	−12.5
Lira	44.5	−19.8
Yen	177.4	+29.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

DOLLAR SPOT — FORWARD AGAINST DOLLAR

Nov 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4060-1.4100	1.4165-1.4175	0.41-0.38c pm	3.35	1.23-1.18pm	3.40
Ireland†	1.1745-1.1815	1.1780-1.1790	0.25-0.15c pm	2.04	0.90-0.60pm	2.65
Canada	1.3755-1.3794	1.3755-1.3765	0.04-0.07c dis	−0.48	0.16-0.21dis	−0.54
Nethlnd.	2.9450-2.9820	2.9540-2.9650	0.51-0.48c pm	2.02	1.51-1.48pm	2.04
Belgium	52.93-53.26	52.95-53.05	1-2½c dis	−0.40	6-8dis	−0.53
Denmark	9.45⅞-9.57½	9.48⅞-9.49	¾-1¼ore dis	−1.28	2¾-2¼dis	−1.06
W. Ger.	2.6130-2.6445	2.6215-2.6225	0.79-0.74pf pm	3.50	2.25-2.20pm	3.39
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−18.95
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−7.20
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.33
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.30
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.38
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.08
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.25
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.22
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.05

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.45-53.55.

POUND SPOT — FORWARD AGAINST POUND

Nov 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.40
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.82
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.49
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.69
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.36
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.86
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.73
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−15.31
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.68
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.52
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.85
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.89
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.97
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.54
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.61
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.45

Belgian rate is for convertible francs. Financial franc 75.75-75.85. Six-month forward dollar 2.29-2.24c pm, 12-month 3.80-3.75c pm. †Corrections (Nov 7) Canada close was 1.9480-1.9530 and Japan close was 291-292

EXCHANGE CROSS RATES

OTHER CURRENCIES

* Selling rate.

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 9-9⅛ per cent; three years 9⅛-9⅜ per cent; four years 9⅜-9⅞ per cent; five years 9¾-10 per cent nominal. Short-term rates are call for U.S. Dollars and Japanese Yen; others, two days' notice.

MONEY MARKETS

UK rates show little change

Interest rates showed little overall change in London yesterday. Sterling's weaker trend was reversed, eliminating any upward pressure on rates. The lack of movement in rates however was mainly a reflection of the market's interpretation of interest rate trends over the next few months. This tended to suggest that on current information interest rates were locked into a fairly narrow range.

Weekend interbank money opened at 11⅛-11¼ per cent and touched a high of 11⅜ per cent before coming away to touch a low of 2 per cent. Very late trading edged the rate up to 5 per cent. Three-month interbank money was quoted at 11⅝-11¾ per cent unchanged from Thursday while three-month eligible bank bills were bid at 11⅝ per cent, unchanged from Thursday.

The Bank of England forecast a shortage of around £950m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £390m and Exchequer transactions a further £210m. There was also a rise in the note circulation of £255m and banks brought forward balances £105m below target. The Bank gave assistance in the morning of £62m, comprising purchases of £46m of eligible bank bills in band 2 at 11⅝ per cent, £13m in band 3 at 11½ per cent and £3m in band 4 at 11½ per cent.

In the afternoon the forecast was revised to a shortage of around £1,000m, before taking into account the early help and the Bank gave additional assistance of £772m. This comprised purchases of £6m of eligible bank bills in band 1 at 11⅝ per cent, £620m in band 2 at 11⅝ per cent, £30m in band 3 at 11½ per cent and in band 4 £10m of Treasury bills and £106m of eligible bank bills all at 11⅝ per cent. Late assistance came to £165m, making a total of £999m.

In Frankfurt call money was little changed while longer term rates showed a small decrease. The latter was in reaction to lessening fears of a firmer credit policy by the authorities. In addition the Bundesbank kept the market well supplied with short-term liquidity.

UK clearing banks base lending rate 11½ per cent since July 30

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 8)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 5/16	bid 8 1/16	offer 8 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust

MONEY RATES

Nov. 8	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'ntion
Frankfurt	4.45-4.55	4.6-4.7	4.75-4.85	4.75-4.90	4.80-4.95	5.5
Paris	9⅛	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅛
Zurich	⅛-⅝	3¼-3⅜	—	4⅛-4¼	—	—
Amsterdam	6⅛-6⅜	5⅞-6⅛	—	5⅞-6⅛	6-6⅛	—
Tokyo	7.03375	7.59575	—	7.70625	—	—
Milan	14⅛-14¾	14¼-15	—	14⅛-15	—	—
Brussels	8.90	8⅞-8¾	—	8⅛-8½	—	—
Dublin	9¾-10	9⅞-10⅛	10-10¼	10⅛-10⅜	10¼-10½	—

LONDON MONEY RATES

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Brazil rains bring coffee price fall

BY RICHARD MOONEY

THE RECENT strong upsurge in world coffee prices was brought to a halt this week following news of heavy rains in Brazil last weekend.

Deepening concern about the impact of drought on 1986/87 crop prospects in Brazil—easily the world's biggest producer—had pushed nearby prices on the London futures market up by more than £400 a tonne in a little over a month. But news that the drought had broken brought a sharp sell-off on Monday, when the January position, which had gained £205 last week, fell 79.50 to £1,913.50 a tonne. Uncertainty about how much damage had already been done tended to discourage follow-through selling for much of the week but a sharp fall yesterday, after Brazil announced a cut in export prices, left the January price £142 down on the week at £1,851 a tonne.

The four months drought is thought to have reduced the Brazilian coffee crop by up to a third. Figures published by the Brazilian Coffee Institute this week put 1986/87 production at between 19m and 23m bags (60 kilos each) compared with this season's bumper crop of around 30m bags.

It has been suggested, however, that the Institute's estimate is based on data collected some time ago and might not reflect fully the extent of the drought damage. Brazilian coffee brokers say 1986-87 output might be as low as 15m bags, a level which could result in the virtual elimination of the country's stocks and leave its export potential in subsequent years particularly vulnerable to frost damage. There have been widespread rumours in London this week that, to avoid this problem, Brazil was considering purchasing stockpiled Colombian coffee for internal sale. This would release more of its own coffee for export.

Cocoa prices were put under pressure by talk that the 1985-1986 Ivory Coast crop could reach 550,000 tonnes, significantly higher than earlier estimates. This helped to push nearby futures prices to 15-month lows at one stage. But they then rallied on speculative short-covering and the March position ended the week £6 up at £1,707.50 a tonne.

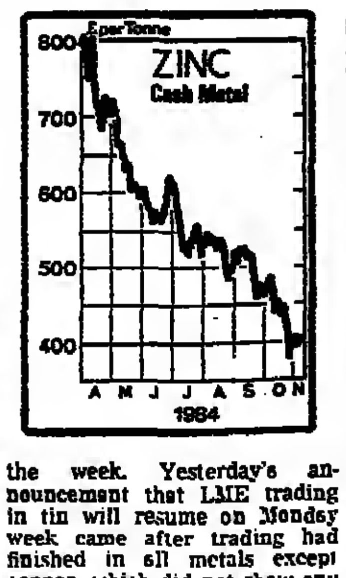
Sugar prices were lifted early in the week by Egyptian and Syrian buying on the world market and reports that India was about to resume buying. But the mood changed, partly because of talk of imminent Mexican selling, and prices ended the week lower.

On the London Metal Exchange trading remained in the doldrums as the International Tin Council held another abortive meeting in its continuing bid to resolve the tin crisis. Other base metals markets shook off the tin blues to some extent, however, and most prices finished higher on the week. Yesterday's announcement that LME trading in tin will resume on Monday week came after trading had finished in all metals except copper, which did not show any marked response to the news.

After trading in a relatively narrow range for most of the week cash higher grade copper gained £11 yesterday to end the official closing ring at £960.50, up £10.50 on the week.

Improved trade demand encouraged the lead market. The cash position gained £12.75 on the week to £275.25, and the discount against the three months position narrowed to £3 from £10 at the end of last week.

The zinc market continued to consolidate after bouncing up from 38-month lows last week with the cash high grade position ending £6 up on balance at £413 a tonne. The latest round of cuts in European zinc producer prices was completed this week. With the exception of Billiton of the Netherlands, which cut its price from $730 to $660 a tonne, all significant suppliers are now quoting a price of $670 a tonne. This is still equivalent to nearly £59 above the LME 3-months quotation, however.



WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Markets c.i.f.	$995/1015	−5	$1050/1280	$1190/1210	$975/995

† Unquoted. (g) Madagascar. (u) November-December. (z) November. (y) December (x) October-November. (v) December-January.

INDICES

FINANCIAL TIMES

Nov. 8	Nov. 7	M'th ago	Year ago
—*	—*	250.52	297.02

(Base: July 1 1952=100)

REUTERS

(Base: September 18 1931=100)

DOW JONES

(Base: December 31 1931=100)

*Not available due to suspension of tin on LME.

ALUMINIUM

COPPER

LEAD

NICKEL

ZINC

GOLD

Gold fell $½ an ounce from Thursday's close in the London bullion market yesterday to finish at $322-322½. The metal opened at $322¼-322¾ which proved to be the day's high and touched a low of $321½-322. Trading was very quiet and featureless with most people content to stay on the sidelines.

GOLD BULLION (fine ounce) Nov. 8

Close	$322-322½	(£207-207½)
Opening	$322¼-322¾	(£207¾-228¼)
M'n'g fix.	$330.10	(£207.520)
Aft'n'n fix	$301.05	(£227.315)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$325½ 524	(£228½-229)
½ Krug.	$171-171½	(£120¾-121¼)
¼ Krug.	$87¼-87¾	(£61¼-68)
1/10 Krug.	$35¾-36¼	(£25¼-25)
Mapleleaf	$331½-332	(£234¼-234¾)
Angel	$331-334	(£234-236)
1/10 Angel	$51-35	(£22-25½)
New Sov.	$78¼-78¾	(£55¼-55¾)
½ New Sov	$45¼-48¾	(£32¾-35)
Old Sov.	$79-80½	(£55¾-57)
$20 Eagle	$430-470	(£304-338)
Noble Plat	$335¼-339¼	(£267-269¾)

SILVER

Silver was fixed 3.5p an ounce

RUBBER

COCOA

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
Nov	1830-1835	−41.0	1879-1849
Jan	1850-1852	−55.5	1922-1848
March	1851-1854	−46.5	1925-1851
May	1840-1845	−58.0	1925-1845
July	1850-1855	−55.0	1925-1850
Sept	1575-1880	−50.0	1915-1865
Nov	1875-1887	−24.0	1905

Sales: 6,795 (4,598) lots of 5 tonnes. ICO Indicator prices (U.S. cents per pound) for November 7: Comp daily 1979 140.17 (139.71): 15-day average 135.08 (134.02).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Nov	108.00	−0.10	107.75	−0.20
Jan	110.80	−0.05	110.55	−0.35
Mar	113.50	−0.15	113.25	−0.30
May	116.20	−0.10	115.40	−0.25
July	118.75	—	—	—
Sept	97.50	—	97.75	−0.10

Business done—Wheat: Nov 108.10-8.00, Jan 110.85-0.75, March 113.45-3.35, May 116.30-6.15, July 118.85-8.75, Sept untraded. Sales: 132 lots of 100 tonnes. Barley: Nov 107.85-7.75, Jan 110.75-0.50, March 113.35-3.25, May 115.50 only, Sept untraded. Sales: 63 lots of 100 tonnes.

HGCA—Herewith today's locational ex-farm spot prices: Feed wheat: Eastern 106.70, E. Midlands 107.70, N. East 108.10, Scotland 106.70; Feed barley: Eastern 105.20, N. East 106.90, Scotland 101.00. The UK monetary coefficient for the week beginning Monday November 16 (based on HGCA calculations using 3 days exchange rates) is expected to remain unchanged at 1.000.

MEAT

SOYABEAN MEAL

NEW YORK

CHICAGO

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	604.6	604.5	602.5	602.7
Dec	610.0	611.5	604.0	605.5
Jan	613.0	613.0	611.0	609.7
March	622.5	623.5	616.5	617.7
May	631.5	631.5	625.0	625.9
July	640.5	640.5	634.0	634.8
Sept	645.5	645.5	645.5	643.9
Dec	663.5	663.5	658.0	658.1
Jan	664.5	—	—	663.1
March	675.0	675.0	674.0	672.9

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	High	Low	Prev
Dec	327.0	328.4	323.4	324.0
March	331.0	332.6	329.0	329.8
May	312.8	314.6	312.2	313.0
July	290.8	293.2	290.2	291.2
Sept	292.6	296.0	292.4	293.0
Dec	304.0	—	—	304.4

SPOT PRICES—Chicago loose lard 18.50 (18.75) cents per pound. New York — (—) cents per pound. Handy and Harman silver bullion 600.0 (605.5) cents per troy ounce.

SUGAR

LONDON DAILY PRICE—Raw sugar $138.00 (£97.50), down $6.50 (down £3.00) a tonne for November-December delivery. White sugar $175.00, down $4.00.

No. 5 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec	140.0-144.8	141.6-144.0	—
Mar	156.4-156.9	155.4-156.6	159.2-104.6
May	160.0-160.8	158.8-159.5	161.0-158.0
Aug	165.4-166.0	164.2-164.8	—
Oct	171.0-171.8	169.0-169.8	175.0-169.9

Sales: 1,710 (2,357) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £200.5 (£204.0) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for Nov 7: Daily price 5.54 (5.81): 15-day average 5.27 (5.23).

FREIGHT FUTURES

The market opened lower in active conditions and continued to ease throughout the morning session. Physical rates were again under pressure with more fixtures being rumoured at lower levels. Although the nearby positions closed above the lows this was felt to be pre-weekend short covering, reports Clarkson Wolff. The Baltic Freight Index was 810, down 1.0 point.

	Close	High/Low	Prev.
Jan.	878/875	880/873	887.5/885
April	940/958	940/938	948/945
July	850/820	831/825	830/850
Oct.	905/920	920/916	950/920
Jan.	960/940	—	975/925
April	1050/850	1000	1068/1000
July	900/860	—	900/890
Oct.	908/910	—	950/890

Turnover: 231 (137).

POTATOES

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	64.70	65.20	65.00-65.50
Feb	68.40	69.90	—
Apr	78.00	78.30	78.90-77.95
May	84.00	84.20	84.20-83.95

Sales: 382 (314) lots of 40 tonnes.

OIL

November cargoes of North Sea crude sold at slightly firmer prices including Ninian and Statfjord at 2.915. December WTI opened 7c down on Nymex but traded 3c up at 1.30 pm EST. In the petroleum products market prompt gas oil firmed. Open spec Naphtha and heavy fuel for early November also firmed in active trade. Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.70-27.85	—
Arab Heavy	25.55-25.65	—
Dubai	28.75-26.80*	−0.025
Brent Blend	28.20-28.30	+0.10
W.T.I. (1pm est)	30.30-30.40*	−0.075
Forcados (Nigeria)	29.30-29.48	+0.18
Urals (cif NWE)	27.80-27.95	−0.05
PRODUCTS—North West Europe Prompt delivery oil ($ per tonne)		
Premium gasoline	275-275	—
Gas Oil	270-275	+2.5
Heavy fuel oil	148-140	+4
Naphtha	250-251	+2

* December Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Nov	268.75	+1.75	250.75-65.25
Dec	264.50	+0.50	264.75-61.15
Jan	261.50	—	262.00-60.00
Feb	257.25	−0.25	257.50-56.00
Mar	249.00	+0.25	249.00-44.50
Apr	242.75	−0.25	242.75-41.00
May	235.00	—	235.75

Turnover: 2,161 (2,299) lots of 100 tonnes.

CRUDE OIL FUTURES (Brent blend index $ a barrel): (buyer/seller, change, business): Dec 28.53/25.90 −0.08, 28.85/28.70; Jan 26.06 26.07, −0.03, 28.05/27.88; Feb 27.55/27.59, +0.08, 27.55/27.35; March 27.10/27.25, untraded; April 26.60/26.70, untraded; May 26.11/26.50, untraded. Turnover: 733 lots of 1,000 barrels.

Bank of Scotland Money Market Cha

MARKET REPORT

Late surge takes FT Ordinary share index up nine points to record 1082.5

ACCOUNT DEALING DATES

Option * First Dealings	Declarations	Last Dealings	Account Day
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Blue chip industrials showed underlying resilience throughout the session and succeeded in a last-minute bid to close the trading Account at new all-time highs. The FT Ordinary share index was finally nine points up at a record 1082.5. The late scene was in marked contrast to the early tone which was one of caution following Sheik Yamani's warning of an oil price war if OPEC members do not toe the line.

This development coming so soon after Thursday's sorry third-quarter results from Royal Dutch/Shell gave the oil sector another jolt. Leading and secondary shares suffered as dealers marked prices down expecting increased offerings and a total lack of support. In the event, investors were not put off and a useful turnover developed. Subsequently prices edged away from their lowest levels and finally halved their early losses.

Sentiment throughout equities was affected by oil price worries but in many areas the lower values succeeded in attracting revived institutional buyers instead of sellers. Most leading shares regained their falls as traders began to look forward to a resumption of the market's good run in the trading Account starting on Monday. "New time" inquiries expanded but international stocks were overlooked despite sterling's recent easiness.

Takeover speculation claimed attention again with Matthew Brown outstanding on hopes that the Monopolies Commission would soon give the green light for Scottish and Newcastle to make a new bid. Business overall, however, was quieter than recently but this was only to be expected on the final session of an Account. After the official 3.30pm close, demand without penalty for the next trading period saw trade quicken considerably.

Government stocks finished a lacklustre week on a dull note. Interest remained light, being inhibited not only by exchange rate movements but also by equity market counter-attractions. Brokers forecast little chance of any change in this situation ahead of Tuesday's financial statement and high-coupon long bonds, after brief firmness, drifted lower to end ½ down in places. The shorts recorded minor losses.

Mercury up 110 on week

Confirmation of Mr Saul Steinberg's acquisition of a 10 per cent stake in Mercury Securities lifted the shares to a 1985 peak of 705p before the price reverted to overnight level of 700p, some 110 higher on the week: stockjobbing concern Akroyd and Smithers ended unaltered on the day but 60 better over the five-day period at 510p in sympathy. Hill Samuel advanced to 372p, before reacting on profit-taking in the wake of satisfactory half-year figures to finish a couple of pence easier on balance at 363p. Hambros reflected takeover speculation with a rise of 10 to 190p. With the exception of Lloyds, which gained 8 to 480p, clearing banks rarely strayed from Thursday's closing levels.

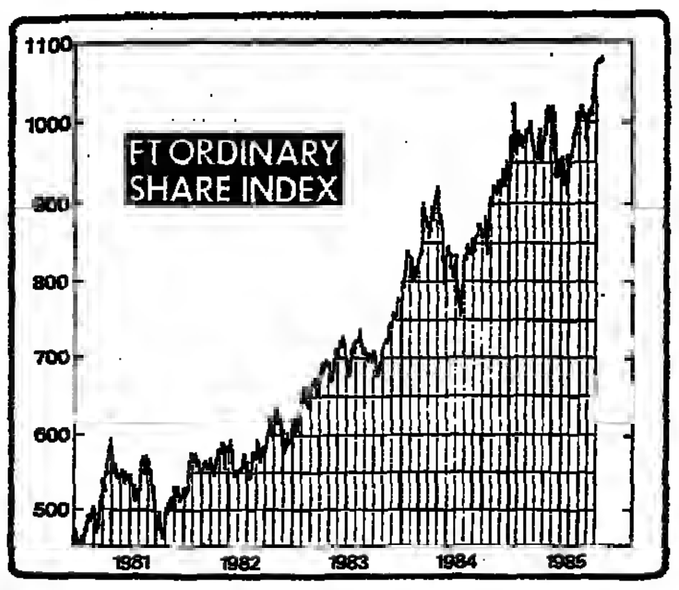
Pearl featured Insurances, rising ¾ more for a gain of 1¼ on the week to £13¾ on vague rumours of a bid from the Trustees Savings Bank. Elsewhere, Commercial Union were marked down to 247p on adverse Press comment before rallying to end the session unaltered at 256p; the third-quarter figures are scheduled for Wednesday. GRE closed 4 to the good at 732p and Sun Alliance improved 5 to 538p; the former is to increase its private car premium rates by an average 9 per cent from December 1.

An unconfirmed Press report that Scottish and Newcastle has been given the go-ahead by the Monopolies Commission to renew it bid for Blackburn-based Matthew Brown lifted the latter 42 for a gain on the week of 80 at 520p. Scottish eased 4 to 182p. An extremely active business developed in other regional Breweries, many of which advanced to new highs for the year, amid hopes that the decision could herald a spate of takeover activity in the sector. Greene King, 246p, and Vaux, 405p, rose 10 apiece, while Wolverhampton and Dudley put on 14 more to 410p. Mansfield closed 15 to the good at 379p, and Marstons finished 5 higher at 92p. Leading Breweries were overshadowed, but a useful two-way business was noted in Allied-Lyons which closed 5 up at 285p on reflection of the latest attack on unwelcome suitors Elders IXL. Elsewhere, Distillers attracted fresh support for the new Account and rose 6 to 457p.

Among the scattered movements in the Building sector, Countryside Properties dipped 22 to 316p on news of the £7.8m rights issue. Overshadowed by Mexican earnings worries, Blue Circle eased a few pence more to 570p. Mowlem, a good market of late, fell 12 to 326p following the modified plans to float its Buehler offshoot. RMC, mainly reflecting profit-taking, drifted off to close 8 lower at 474p, but renewed support left Aberdeen Construction 4 up at new peak for the year of 212p.

Chemicals were noteworthy for speculative activity in W. Canning, 8 higher at 93p, Reabrook, 6 better at 74p, and Yorkshire, also 6 higher at 73p. ICI, up to 667p at one stage, reacted later to close only a couple of pence higher on balance at 664p.

Burton, already a few pence dearer amid increasing expectation of the imminent disposal of the Harvey Nichols and Hamleys stores, made further progress after-hours to close 20 up at 595p; the preliminary results are due in the next Account. Mail-orders continued to attract interest and gains of 8 were common to Freemans, 386p, and Grattan, 382p. Among secondary issues, Goldsmiths hardened a couple of pence to 182p, after 184p, following confirmation of the sale of its insurance broking division. The near-doubled interim profits lifted Aquascutum 11 to 120p and the more widely-traded A shares 1½ to 65½. Dunhill returned to favour, rising 8 to 368p but Castle (GB) dipped 5 to 13p after news of the first-half deficit.



High-technology stocks in the Electrical sector suffered yet another setback yesterday when poor half-year figures from MicroFocus, coming hard on the heels of CASE's disappointing first-half performance, sparked off renewed selling. MicroFocus touched 100p on news of the £2.8m interim deficit before closing 30 down on the day at 110p, while CASE fell 10 to a 1985 low of 99p following comment on it £3.4m first-half loss. Competition worries additionally affected Apricot Computers, 9 lower at 60p, while Acorn gave up 3 to 50p as did CPU Computers to 22p. Microvitec also declined 3 to 30p and Micro Business Systems lost 6 at 45p. Logica dropped 8 to 159p on news that the accounts had been qualified. Elsewhere, Eurotherm reacted 13 to 295p on profit-taking, while International and Signal and Control cheapened 10 to 335p for the same reason. Crystalate, on the other hand, jumped 16 to 130p, mainly after-hours', on revived speculative support, while MK moved up 5 to 298p; the latter's interim results are scheduled for November 20. Among the leaders, Thorn EMI attracted late support and closed 10 to the good at 392p. Plessey firmed 6 to 142p: the group's second-quarter figures are due on Thursday.

With the exception of Hawker, which improved 12 to 429p, leading Engineers were little altered. Elsewhere, TI, a dull market earlier in the week, revived smartly on Evered bid hopes and closed 17 to the good at 413p. Evered put on 8 to 225p. Comment on the half-year results prompted a rise of 1½ to 63p in Renold, while Cooper Industries firmed a similar amount to 27p on the announcement that J. W. Rosedale Investments had increased its stake to around 11.8 per cent. Simon Engineering staged a smart rally and closed 14 higher at 210p.

Foods highlighted Tate and Lyle which responded afresh to bid speculation — Imperial Group were again mentioned as a likely suitor — and rose 10 for a two-day advance of 23 at 528p. Other leading issues trended lower, with Tesco, due to reveal interim figures next Wednesday, 3 easier at 292p. Somportex, a rising market recently following the sale of its candy division to Barker and Dobson, put on 7 more to 150p.

Blundell feature

Speculative issues were well to the fore in the miscellaneous Industrial sector. Blundell Permoglaze, a good market earlier in the week on Kalon bid hopes, encountered further persistent demand and closed 20 higher at 140p for a rise of 34 on the week. Takeover speculation continued in Marley, which met with late buying interest and settled 3 firmer at 113p. Kennedy Smale advanced 13 to 123p, while buying ahead of next Wednesday's interim results left Valor 4 to the good at 193p. Arenson eased 2 to 27p on the preliminary figures and dividend statement and PCT Group eased 5 to 100p following the fall in half-year profits. Cope Allman eased 4 to 258p after news that Hawley Group may sell its 43 per cent stake in the company. Manchester Ship Canal, still reflecting the announcement that Highams had reduced its holding, eased 9 further to 476p for a two-day loss of 32. Profit-taking clipped 8 from Rank Organisation, at 472p, and Parker Knoll A reacted 6 more to 256. Charter Consolidated met with buying interest and put on 5 to 215p, while Smiths Industries, scheduled to report preliminary figures next Wednesday, rose 10 to 229p. Metal Box, 551p, and British Aerospace, 453p, both up 8 apiece, were noteworthy in the after-hours' dealings.

Horizon Travel rallied 3 more to 95p with the help of Press comment in a mixed Leisure sector.

Jaguar responded to a Press mention and advanced 7 for a week's rise of 15 at 328p. Elsewhere in Motors, late support was evident for Dowty, 5 up at 226p, and for Lucas, a like amount dearer at 448p: the latter's preliminary results are expected on Monday.

Land Securities, 7 higher at 322p, revived strongly in Properties as investors showed an increased interest ahead of Wednesday's interim results. MEPC closed 4 dearer at 312p. Elsewhere, Southend Stadium continued to reflect property development hopes and touched a 1985 peak of 76p before closing a penny dearer on balance at 72p. Rush and Tompkins moved up 6 to 266p, while Five Oaks closed a penny harder at 41p, after 42p, in response to the bumper profits. Against the trend, London Provincial Shop dropped 27 to 253p, after 250p, on acute disappointment with the results and net asset value.

Textiles finished the Account on a selectively firm note. Courtaulds, again the subject of an active traded options business, advanced 5 for a rise on the week of 15 at 169p the interim results are scheduled for Tuesday week. Coats Patons continued to attract sympathetic buying and rose 6 more to 163p, after 165p. Parkland A hardened a few pence to 106p, the interim figures are expected towards the end of the month. Occasional interest was also noted for Lister, 3 up at 68p, and for British Mohair which put on a couple of pence to 113p on news that Lawrie now controls around 12.3 per cent of the equity. David Dixon, in which A. & J. Gelfer recently acquired a 20 per cent stake, advanced 6 for a two-day gain of 19 at 222p.

Financials were relatively subdued. Mercantile House responded to revived speculative support and hardened 3 for a gain on the week of 38 at 300p. Stockjobbers Smith Bros were also wanted and rose 3 to a new high of 194p. Park Place Investments improved 8 to 220p following the optimistic tenor of the chairman's statement at the annual meeting.

Oils dip and rally

The oil share market, already unnerved by the acutely disappointing third quarter results announced by Royal Dutch/Shell on Thursday, were additionally upset by the latest warning from the Saudi oil minister that oil prices could dip below $20 a barrel in the spring if Opec members do not adhere to Opec pricing and production quotas. Sentiment was also affected by news that oil consumption in the developed world fell by around 2 per cent in the third quarter. The leading oils were marked down sharply at the outset before staging a minor rally around midday. Thereafter, prices moved in a narrow range. Shell dipped to 660p prior to closing a net 5 lower at 665p—a week's loss of 20—while BP settled 4 cheaper at 556p. Britoil gave up 8 to 212p, as did Tricentrol, 167p. Lasmo remained the subject of considerable takeover speculation; an initial mark down to 243p was followed by aggressive buying interest which subsequently drove the shares up to 253p before a close of 250p, 3 better on the day. Ultramar, due to report third quarter figures on Wednesday were also in demand and rallied from an initial 205p to end the session a net 12 to the good at 218p. Among second-line issues Petranol attracted strong buying after-hours, reflecting takeover hopes.

Golds firmer

The recent recovery movement in South African Gold and related issues continued during early trading but tended to peter out towards the close of business. An early improvement in the Financial Rand prompted a fresh bout of buying interest from London and Continental operators before a subsequent decline in the South African currency stifled any further improvement in share prices during after-hours business. Early gains in Golds were again exaggerated by a stock shortage. However, this was largely alleviated following offerings of stock by US traders at the outset of business.

East Rand Proprietary returned from suspension at 335p following news of the financing plans which include a R50m (£13.3m) rights issue.

In London-based financials Consolidated Gold Fields advanced 9 to 477p on further consideration of the recent US gold exploration successes and the sale of a Bath and Portland subsidiary for £10.3m. Rio Tinto-Zinc, however, equalled the 1985 low of 530p before closing 2 easier at 532p.

Traded Options finished an active week on a relatively subdued note. Total contracts struck amounted to 10,379 comprising 8,016 calls and 2,363 puts. British Telecom recorded 1,186 calls, 725 of which were transacted in the February 180's. Jaguar were also lively with 1,038 calls done.

FINANCIAL TIMES STOCK INDICES

	Nov. 8	Nov. 7	Nov. 6	Nov. 5	Nov. 4	Nov. 1	year ago
Government Secs	83.29	83.52	83.70	83.87	83.93	83.83	82.81
Fixed Interest	88.10	88.34	89.46	89.60	88.64	89.67	85.66
Ordinary ♥	1082.5	1073.6	1081.3	1075.3	1071.1	1070.5	800.1
Gold Mines	245.2	238.3	227.0	217.6	222.9	237.8	335.4
Ord. Div. Yield	4.44	4.47	4.45	4.47	4.48	4.48	4.73
Earnings, Yld. %(full)	10.69	10.97	10.91	10.87	10.98	10.97	11.99
P/E Ratio (net) (*)	11.36	11.28	11.34	11.27	11.26	11.27	10.63
Total bargains (Est.)	26,920	25,552	23,882	24,721	25,431	24,333	21,662
Equity turnover £m.	—	589.71	560.96	619.24	415.83	529.57	377.41
Equity bargains	—	25,274	24,522	27,152	24,834	24,321	23,669
Shares traded (ml)	—	255.2	270.3	281.9	220.2	238.4	226.8

♥ 10 am 1,071.0. 11 am 1,075.4. Noon 1,076.9. 1 pm 1,076.0. 2 pm 1,073.9. 3 pm 1,076.1. 4 pm 1,077.5.

Day's High 1,082.5. Day's Low 1,069.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.95.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/9)	78.02 (29/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (28/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1082.5 (8/11)	911.0 (25/7)	1082.5 (8/11/85)	49.4 (26/6/40)
Gold Mines	556.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Nov 7	Nov. 6
Daily Gilt Edged Bargains	151.4	124.4
Equities Bargains	163.2	157.9
Value	1121.8	1153.2
5 Day Average Gilt Edged Bargains	128.7	122.6
Equities Bargains	163.0	162.6
Value	1097.7	1095.1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 4	Nov 15	Feb 6	Feb 17
Nov 18	Nov 29	Feb 20	Mar 3
Dec 2	Dec 13	Mar 6	Mar 17

For rate indications see end of Unit Trust Service

Call options were taken out in Edmond Holdings, British Telecom, BBA, Brunswick, West Coast, Shaw Carpets, Ryan Hotels, Burmah Oil, Croda, STC, Premier Oil, CASE, TI, Vosper, Atlantic Resources and Midland Bank. A put was done in J. Hepworth, but no doubles were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, November 7, 1985

Office Equipment	+46.16	Insurance Brokers	+17.35
Stores	+42.88	Other Groups	+19.49
Shipping and Transport	+41.52	Mechanical Engineering	+15.74
Brewers and Distillers	+37.13	Health and H'sehold Products	+14.74
Metals and Metal Forming	+36.76	Industrial Group	+14.33
Insurance (Life)	+35.07	Food Manufacturing	+13.97
Motors	+34.84	All-Share Index	+13.87
Merchant Banks	+29.47	500-Share Index	+13.48
Newspapers, Publishing	+29.46	Investment Trusts	+11.05
Contracting, Construction	+28.62	Property	+ 8.72
Insurance (Composite)	+28.17	Oils	+ 7.58
Packaging and Paper	+26.98	Leisure	+ 6.30
Telephone Networks	+26.92	Capital Goods	− 0.43
Building Materials	+22.24	Electricals	− 2.32
Consumer Group	+21.91	Chemicals	− 4.40
Textiles	+21.75	Overseas Traders	− 5.65
Other Industrial Materials	+21.40	Tobaccos	− 7.18
Banks	+20.52	Mining Finance	− 7.99
Financial Group	+20.38	Electronics	−34.01
Food Retailing	+17.90	Gold Mines Index	−50.24

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡92.899	£25	—	24¾	24½	Land Sec. 10% Deb. 2095	24½	−⅛
100	£50	13/11	50	44	Nat. Home Loans 8% Cnv. Uns.Ln. 2006	44	......
—	F.P.	—	100⅛	98⅝	Nationwide 11 5/16% Bds. 13/8/86	98⅝	......
—	F.P.	—	99	99	Do. 11¼% Bds. 20/10/86	99	¼
‡92.43	£96	21/2	25⅝	94¾	Peachey Prop. 10½% 1st Mort. Deb. 2016	94¾	−⅛
**	F.P.	22/11	116p	110p	Pittard 9½% Cum. Pref.	114p	......
‡39.967	F.P.	19/4	40¾	40¼	Safeway 10½% Uns. Stepped Ln. 2011	40	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
33	F.P.	27/11	68	63	Brasway 10p	68	......
60	F.P.	21/11	83	73	Crowther (J.)	83	+2
106	Nil	—	24pm	21pm	Fisher (Albert) 5p	21pm	−2
100	F.P.	6/10	136	128	Garfunkels' Rest. 10p	130	......
225	F.P.	6/12	363	330	ML Hldgs	340	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *H* Dividend and Yield based on prospectus or other official estimates for 1986. *u* Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising 5 ordinary shares and 1 warrant.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (108)

COM'WEALTH & AFRICAN LOANS (1)
LOANS (1)
CANADIANS (1)
BANKS (6)
BREWERS (7)
BUILDINGS (4)
CHEMICALS (2)
STORES (3)
ELECTRICALS (3)
ENGINEERING (3)
FOODS (4)
HOTELS (2)
INDUSTRIALS (18)
INSURANCE (2)
LEISURE (1)
MOTORS (4)
PAPER (1)
PROPERTY (12)
SHOES (1)
TEXTILES (2)
TRUSTS (28)

NEW LOWS (29)

BRITISH FUNDS (2)
Treas. 10pc 2001 (£49 paid) Conv. 9½pc 2005

AMERICANS (1)
Derma-Lock Medical

BANKS (3)
Cater Allen; Gerrard & National; Clive Discount

CHEMICALS (1)
Morley (R. H.)

STORES (1)
Castle (G. B.)

ELECTRICALS (9)
AB Electronic; Grosvenor Group; Acorn Computer; Philcom; Brown Boveri Kent; Plasmec; CASE; Powerline Intl.; CPU Computers

INDUSTRIALS (4)
ICC Oil; PSM Internatl.; PCT Group; Rolfe & Nolan

PROPERTY (1)
Lond. Provl. Shop

SHIPPING (1)
Sea Containers

OILS (5)
Clyde Petroleum; Tricentrol; Pennine Resources; Warrior Resources; Sapphire Petroleum

MINES (1)
Aust. Hydrocarbons

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	2	92	12	83	312	145
Corpns. Dom. and Foreign Bonds	10	33	38	57	88	260
Industrials	247	292	948	1,413	1,510	4,512
Financial and Props.	122	87	355	731	371	1,716
Oils	25	24	78	101	148	386
Plantations	5	—	12	14	19	57
Mines	85	18	83	280	280	376
Others	108	30	80	404	216	463
Totals	605	577	1,606	3,083	2,944	7,916

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Thurs. close	Change on week	Stock	No. of changes	Thurs. close	Change on week
ICI	134	662	+13	Euro Ferries	86	153	− 3½
BAT Industs.	111	305	+22	BP	83	560	−10
Distillers	107	451	+ 3	Exco Intl.	81	227	− 1
Glaxo	93	£15	+ 0¼	Bartea	78	575	+25
Br. Aerospace	90	445	+ 2	GUS A	75	883	+23
Midland Bank	87	442	− 9	Barclays	73	433	+10

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Blundell Permoglaze	140	+20	Lasmo	250	+ 3
Brown (Matthew)	520	+42	Micro Focus	110	−30
Commercial Union	256	—	TI	413	+17
Hill Samuel	363	− 2	Ultramar	218	+12
Intl Sig. & Control	335	−10	Vaux	405	+10
Jaguar	328	+ 7	Warrior Res.	16	− 3

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Distillers	21	451	− 4	Marshalls Uni.	20	68	+10
Bailey (C. H.)	20	22½	− 1	CASE	18	109	+ 3
BP	20	560	− 3	Burton	18	575	− 3
Cope Allman	20	262	+ 2	ICI	18	662	− 7
Euro Ferries	20	152	− 3	Lasmo	18	247	+ 7
Exco Intl.	20	227	− 1	Southend Std.	18	71	+ 4

S E DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIALS

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ϕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Hawker Siddeley Grp 5½pcPf (£1) 49½ (4.11). 7¼pcDb 1987-92 £85¾ (5/11)
Hawley Grp 12.5pcPf (£1) 130
Hepworth (J.) 7pcPf A (£1) 80 (8 11). 10pcPf 8 150p) 43 (4/11)
Harrburger Brooks 72
Hoechst Ag (DM50) DM289
Hoechst Finance (10pc)Ln 1990 £99¾ (5 11)
Hollis 7pcPf (£1) 55
Home Counties Newspapers 110
Home Bros 7¼pcLn 1995-2000 £74 (1 11)
House of Fraser 7½pcPf (£1) 68 (5 11). 8pcLn 1993-98 £66ϕ. 8¼pcLn 1993-98 £82
Howard Wyndham (5p) 16 2 (5 11). 8pc Ln 1976-91 £99 (4 11)

Solliers 7¼pcDb 1984-89 £90‡ (8/11)
Stag Furniture Hldgs 10pcPf (£1) 183 (4/11)
Staveley Inds 7½pcLn (1986-91) £82‡ (8.11). 7½pcLn 1988-93 £78
Stead Simpson 4½pcDb (1932) £37 (5/11)
Steel Bros Hldgs 5.6pc3rdPf (£1) 61½ (4.11). 7pcLn 1990-95 £71¼
Steetley 4½pcPf (£1) 38 (4/11). 8¼pc Db 1985-90 £83½‡ ½
Steinberg Gp 5pcPf (£1) 350
Stoddard (Hldgs) 10pcCnvPf (£1) 120
Stonehill Hldgs 10½pcPf (£1) 98½ (1/11)
Sumner Prods 5½pcPf (£1) 30 (4/11)
Sunbeam Wolsey 8pcPf (Ir£1) I£0.42 (5.11)

River Mercantile 5pcPf £48
River Plate Gen Wrnts 82 3½
Romney 5pcPf £47 (4/11). 4¾pcLn 1973-98 £225 35 (4/11)
Scottish Mercantile 377 (6/11). 7½pcPf 64 (6/11)
Scottish Cities 5pcPf £45½ (8/11)
Scottish Investment 3.5pcPfd £48. 3.85pc Pfd £48 (5/11)
Scottish Mortgage and Trust 8¼pcPf £45 (5.11). 8pc-14pcDP 2020 £121½ (8:11)
Scottish National 6pcPf (£1) 54½ (5/11)
Securities Trust Scotland 12pcDb 2013 £T10 (8/11)
Shires (50p) 208 18 (6/11). Wrnts 32. 11pcLn 2003-04 £109 12 (1/11)
TR Australia Wts 55 (6/11)

Kenyon Secs 275 (1 11)
Memory Computer 7.8pcPf 1994-98 (£1) 110 1‡ 2‡
Metsec (10p) 69
Midsummer (50p) 273 88
New England Props 10pcLn 1990 £80
Paul Michael Leisurewear (5p) 13½ (1 11)
Pavion Int 3.85pcPf (£1) 52½ (5/11). 11pcLn 1994-02 £1380
Pericom (10p) 49
Perkins (Ophel) Meats (10p) 280
Property Tst (18p) 7
Questel (10p) 185
Radics (5p) 95 (8:11)
Shandwick (2p) 175 8 8
Spectra Automotive. Eng Prods (10p) 87 9
Swindon Private Hospital (£1) 90 100 (4 11)
United Friendly Insurance (10p) 410‡ 1½2

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 24 5 (5/11)
Do. (1p) 24 5 (6.11)
Alliance BS 10¼pc Bds £99.722 (1/11)
All England Lawn Tennis Gnd £500Dbs 1980-90 (Fy Pd) £1,488 (4.11)
Amal Metal Corp 6pcPf (£1) 45¾ 6¼ (5 11)
Anglo-Am Agric 47 7½
Ann St Brewary (£1) 500
Astra 175 (5.11)
Bristol West BS 12¾pcBds £99.849 (4/11)
Cambridge Inst (5p) 108 10 (1.11)
Central Equip 8 (£1) 450 8 (4.11)
Central ITV (58p) 287 12 (5/11)
Central Scotland Inc Bink (£1) 125 40 (5.11)
Channel Hotels Props (10p) 112 3 4 8 (5 11)
Ciba-Geigy 8¼pcLn 1902-95 £394½ 5½ (6 11)
Corton Beach (10p) 32 3 3½ (5.11)
Crusts (10p) 175 7 (8.11)
Dawson (Wm) (10p) 360 1 (4.11)
Economic Forestry (£1) 218 (5.11)
Exploura (50) 2½ (5 11)
For Eyes (1p) 25 8 (8,11)
Guernsey Gas Light (£1) 245 (5.11)
Guernsey Press (£1) 8
Harvard Secs (2p) 29¼ 30 (6.11)
Home Brewery 755 60 (5.11)
Hydro Hotel (Eastbourne) (£1) 311 3 (1 11)
ICE (1p) 950 75 (8 11)
Integrated Business (5p) 183 5 (1.11)

Midland City Ptarend (10p) 152 3½
Minch Norton 8pcPf (Ir£1) 30 (4.11)
Norton Villiers Triumph (10p) 5 ½ 4 ½
Oldham Ests (50p) 92 3
Oopdles (10p) 14 5 8 7 (5.11)
Pittencrieff Pet (£1) 32 (1,11)
Publishing Hldgs (5p) 23½ 4½
Sonpajnun Tea (£1) 12 (5;11)
Sinclair Research 245
Southern Newspapers (£1) 193 5 201 ½ 2 (4/11)
Star Offshore Svcs (50p) 22½
Stead Simpson 4½pcb 1989 £35 7 (4;11)
Sutton Harbour Improve 405
Do. 3½pcPf 8¼ (5 11)
Utd Trust Credit (£1) 360 2 (4,11)
Weetabix A 147 8½
Wistech (1p) 14 8
Wynstay Props 142 (4;11)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Aberfoyle 400 (1/11)
AECI 135ϕ (1/11)
Aetna Life Casualty £36ϕ (6.11)
Ahold NV £66.80ϕ 67
Allflex Hldgs 97 (4/11)
Amatil 275 (5.11)
American Can £30¾ϕ
American Home Prods £40½ ⅞
Ampol 111 12 (6/11)
Amsterdam-Rotterdam Bk £23.35ϕ 23¼ϕ 23.95ϕ 23.60 23.85 US$33⅛
Anglo Gold Mines 2½ (1/11)
APM Ord 137 40 (5/11)
Apple Computer £13¼ (4/11)
Ariadne Aust 37ϕ (6/11)
Ashton Mining 45 (8/11)
Assoc Manganese Mines SA £23¼ (6/11)
Atlantic Richfield £44⅝ (6;11)

UNLISTED SECURITIES MARKET

American Electronic Compts (5p) 27½ 8 ½ 0
Applied Holographics Wts to sub 195
Biomechanics Int (10p) 21
Cannon Street Invsts 7.7pcPf 1994-99 383 (8 11)
Cobra Emerald Mines 88 (8/11)
Colorgen (50.01) 109 (5/11)
Counter Prods Marketing (5p) 128. New Ord (5p) 130ϕ
Cewalls 808. New Ord 90 (8/11)
Cramphorn (50p) 300 2 5 7 18
Ealing Electro-Optics (5p) 107 £ (1,11). New Ord (5p) 103 4 ½ 5 £ 8
Eldridge Pope A (£7) 240
Electronic Data Processing (5p) 75 (1/11)
Gibbon Lyons Grp (10p) 67ϕ
Gibbs Mew 740 (8/11)
Gould (Laurence) 110
Hampden Homecare (70p) 57½. New Ord (10p) 57½ 60 1 ¼‡ 2‡ 2 3 4‡ 4 ½‡ 5 8
Heavitree Brewery 390 (5/11). A 305 (5/11)
Horne (Robert) Grp (20p) 181 2 ½ 3 (6/11)
Hunterprint 5½pcPf (£1) 94 (6/11)
Infrared Assocs (50.10) 87 0
Intervision Video (Hldgs) (10p) 4¼ 5 ½‡. 7pcPf (£1) 25
Just Rubber (10p) 55ϕ

Thyssen £45¼ϕ (6:11)
Tokyo Sanyo Electric 207ϕ (5/11)
Tri-Arc Energy 2ϕ (1:11)
Tri-Continental £18⅛
Triton Energy £11⅞ (5/11)
Veba DM 269ϕ (6 11)
Volkswagenwerke DM 407ϕ 11ϕ £11¼
Wang Labs 8 £13.28ϕ
Waste Management £41⅝ϕ (4/11)
Weis Markets US$35
Westfield Minerals 75
Westgrowth Pet 30ϕ 1½ (5.11)
Westralian Sands 04 (6 11)
Woodside Pet (Lon Reg) 83ϕ ½ϕ 3 ½
Woolworth 205 (1.11)
World Intnl Hldgs 22½ϕ (6:11)
Zapex 27½‡

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

Kenthara Oil Ex (Ir £0.25) 4 (8/11)
North West Oil Gas (20p) 7

(By permission of The Stock Exchange Council)

Sheffield Brick Group
Shorrock (10p) 75 6
Sidlaw Group 7½pcLn 2003-08 £65 6 5.4pcPf (£1) 67¼
Simon Engineering (8/11). 6pcPf (£1) 52½ (8/17)
Simpson (S.) 440
600 Group 5½pcLn 1987-92 £95¼ (8/17)
Sketchley 4.2pcPf (£1) 157 (8/11)
Slingsby (H. C.) 122 3
Smith (W. H.) and Son (Hldgs) B (10p) 54 (5/11). 5⅝pcLn £44¼ (4/11). 7¼pc Ln 1988-93 £84
Smiths Inds 11¼pcDb 1995-2000 £103½. 7½pcCnvLn 1985-90 £400 (6.11). 6pcPf (Ir£1) I£0.37
Smurfit (Jefferson) Gp 6pcPf £67 (£78 (8/11). 10½pcLn 1975-55 £67

London St Lawrence
London Strathclyde 5pcPf £48 (5/11)
London Trust Wrnts 46 (6/11). 4pcDb £45. 5½pcDb 1983-88 £93 (5/11)
Merchants 4pcDb £33 (4/11)
New Darien Oil Wrnts 40
New Throgmorton (1983) 12.5pcDb 2008 5111 (4/11)
New Tokyo Wrnts 95
North Atlantic 5½pcDb 1985-90 £82½ (4/11). 7½pcLn 1995-98 £285 (1/11)
Oceana Development T88 (8/11)
Plantation 7½pcLn 2000 £79
Oasburn 5pcPf £43
Sight Issues 51. 7½pcPf (£1) 78

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg. 01-236 3885

International Growth	98.4	104.8	-0.2	2.00
Income & Growth	43.0	45.8	-0.1	3.20
Special Situations	54.6	58.1	.....	1.40
American Growth	26.1	27.8	-0.1	1.10
Japan Growth	34.9	37.1	+0.1	—
European Growth	42.6	45.5	+0.1	3.30
UK Growth	41.7	44.6	-0.1	—
Pacific Growth	32.7	34.9	+0.5	1.80
High Income	28.6	30.6	-0.1	7.40
Practical Income Units	43.7	46.2	+0.1	3.1
Practical Accum. Units	78.5	83.6	+0.1	3.1

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. — 01-405 8441

Pearl Growth Fd.	67.7	72.0	+0.2	3.42
Accum Units	100.0	106.4	+0.2	3.42
Pearl Inc.	95.5	101.6	-0.5	4.92
Pearl Unit Tst.	101.0	137.4	-0.5	3.92
(Accum. Units)	170.6	181.5	-3.8	3.92

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. — 0491 576868

Growth	204.4	219.4	-0.4	1.48
Income	149.4	160.0	-0.1	5.41
Worldwide Recovery	115.4	123.9	-0.1	2.11
American Growth	54.8	58.9	+0.4	1.67
Intl. Emerging Cos.	60.8	65.3		0.69
Far East Growth Fd.	52.3	56.1	+0.3	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. — 01-247 7544/7

Prolific Far East	113.9	121.2	-0.7	0.22
Prolific Extra Inc.	66.9	70.9	.....	5.57
Prolific Convert & Gilt	84.3	89.4	-0.3	7.02
Prolific High Inc.	141.7	150.3	-0.2	5.30
Prolific Intl.	39.9	42.4	+0.2	1.13
Prolific N. Amer.	113.8	121.1	+1.2	2.18
Prolific Spec. Sits	158.5	167.9	.....	1.48
Prolific Technology	95.8	101.9	-0.4	0.77

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. — 01-749 9111

Japan Inc.	54.1	57.3	+0.1	—

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. — 0732 450161

Equity Dist.*	232.9	246.4	.....	3.91
Equity Acc.*	276.4	292.4	.....	3.91
Fixed Int. Dist.†	120.1	126.4	.....	10.87
Fixed Int. Acc.†	169.5	175.6	.....	10.87

*Prices on Nov 1. Next dealing Nov 13.
†Prices on Nov 6. Next dealing Dec 4.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	93.2	99.3	+0.8	1.37
Do. Accum.	97.1	103.3	+0.9	1.37
TSB Extra Income	89.3	95.0	+0.1	5.96
Do. Accum.	102.7	109.3	+0.1	5.96
TSB General	128.8	137.0	-0.4	3.20
Do. Accum.	208.7	222.0	-0.4	3.20
TSB Gilt & Fxd Int.	46.7	49.7	-0.2	9.13
Do. Accum.	58.0	61.1	-0.2	9.13
TSB Income	178.6	190.1	-0.3	4.69
Do. Accum.	269.4	286.7	-0.5	4.69
TSB Pacific	109.1	116.1	+0.2	0.62
Do. Accum.	111.9	[illegible]	+0.3	0.62
TSB International	239.0	254.3	+1.6	2.02
Do. Accum.	293.1	311.9	+1.9	2.02
TSB Natural Resources	42.2	44.9	+0.2	2.06
Do. Accum.	43.0	45.8	+0.2	2.06
TSB Sml. Cos.	49.2	52.0	-0.2	3.12
Do. Accum.	55.5	57.0	-0.2	3.12

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 3356

Small Co's Fund	66.3	70.5	+0.4	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks — (0296) 5941

American Eagle	66.2	70.8	+1.7	0.41
Australia	31.0	33.1	+0.9	0.10
Commodity	79.2	85.2	+0.8	2.73
Energy	37.5	40.1	+0.2	2.55
Equity	109.0	116.3	-0.3	5.19
European Spec. Sits.	64.8	69.3	-0.9	0.64
Extra Income	94.6	101.2	-0.3	7.14

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$13.41	+0.04	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$33.70		—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$11.63	+0.23	—
Dynamic Gwth Fd.	$10.44	+0.11	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.15		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.48	8.59	12.62	6mth
7-day Fnd	11.59	8.68	12.71	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.98	8.23	12.07	6-Mth
7-day Fund	11.05	8.29	12.15	6-Mth
Dollar	6.94	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc.	11.25	8.00	11.75	Qtr
Aitken Hume 30 City Road, EC1V 2AV. 01-638 6070				
Treasury Acc.	11.00	8.22	12.11	Qtr
Mth. Int. Chq.	11.000	8.23	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.50	8.63	12.78	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.23	12.19	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	11.00	8.22	12.20	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.33	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St. Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus	—	9.57	14.28	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.39	Qtr
Darlington & Co Ltd Darlington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	11.00	8.22	12.11	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.00	8.23	12.18	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8665				
High Int Chq Acc.	10.70	8.00	11.92	Qtr
£10,000 +	11.10	8.30	12.39	Qtr
Oppenheimer Money Mgmnt Ltd 66, Cannon St, EC4N 6AE. 01-236 1425				
Money Mngt. Acct.	10.875	8.13	12.13	3-Mth
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	11.75	8.78	13.07	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.23	12.11	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.70	8.00	11.09	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.25	8.41	12.39	Qtr
Money Acc.	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.00	8.22	12.20	Mth
Over £10,000	11.25	8.41	12.49	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc.	11.63	8.69	12.83	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

Bank of Scotland Money Market Cheque A...

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101	99	Exch. 11¾pc '86	99	.....	11.75	11.41
99	10	Treas. 10pcCnv 1986	99	+	10.06	11.44
96½	[illegible]	[illegible] 3pc 1986	96	+	3.12	10.81
100	[illegible]	[illegible] 10½pc Cv '86	99	.....	10.54	11.38
101⅞	[illegible]	Treas 12pc 1986	100	–	11.95	11.40
98½	[illegible]	[illegible] 8¾pc 1984-86‡‡	98¼	.....	8.65	11.22
105	102	Exch. 14pc 1986	102	–	13.66	11.24
94½	[illegible]	Exch. 2½pc 1986	94¾	+	2.64	8.34
104	101	Exch. 13¼pc 1987	102¼	–	12.97	11.18
99	[illegible]	Treas 10¼pcCv '87	98	–	10.36	11.09
93	[illegible]	[illegible] 2½pc 1987	92	–	2.70	8.58
100	96¾	Exch. 10½pc 1987	99¼	–	10.56	10.96
95	89	Funding 6½pc '85-87‡‡	94	.....	6.85	10.31
99	95½	Treas. 10pc 1987	98	–	10.13	10.97
91	84¾	Treas 3pc 1987	91¼	.....	3.29	8.81
102	99¼	Treas. 12pc 1987	101⅞	–	11.77	10.91
95	90¾	Treas 7¾pc 1985-88‡‡	94	–	8.29	10.56
100	95½	Exch 10½pc '88	99	–	10.55	10.78
98¼	93¾	Treas 9¾pc Cv '88	97	–	9.98	10.83
87	80	Transport 3pc '78-88	86⅞	.....	3.45	8.67
97⅞	91½	Treas. 9½pc '88	96	–	10.83	10.80
102⅞	97½	Treas 11½pc 1989	101⅞	–	11.28	10.76
97	90¾	Treas 9½pc Cnv. '89	96	–	9.83	10.71
84	79	Treas 3pc 1989	83⅞	.....	3.57	8.42
99⅞	94	Treas 10½pc 1989	99¼	–	10.56	10.70
98⅞	92	Exch.10pc 1989	97⅞	–	10.22	10.70
101	95	Exch 11pc 1989	100⅝	–	10.91	10.72
86⅞	79	Treas 5pc 1986-89	86	.....	5.81	9.33
108	103¼	Treas 13pc 1990‡‡	107	–	12.06	10.61
101⅞	96	Exch 11pc 1990‡‡	100¼	–	10.91	10.73
108¼	100¼	Exch. 12½pc 1990	106⅛	–	11.77	10.71
80	75¾	Treas. 3pc 1990	80	.....	3.72	8.28
93⅛	87¾	Treas 8¼pc 1987-90‡‡	92	–	8.94	10.44
101⅛	91⅞	Treas. 10pcCv 1990	97	–	10.29	10.74

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

INSURANCES

[illegible]

PROPERTY

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
123	92	Greenwich Res	32	+1	—	—	—
215	115	Hampton Areas 10p	95	+3	—	—	—
260	135	♦Highwood Res	130	+3	3.75	0.9	3.9
£22½	£15¾	Homestake Mining $1	150	+5	—	—	—
310	155	♦McFinley Red Lake	£15¼xd	−¼	Q20c	—	0.9
335	195	♦Musto Explorations	290	−5	—	—	—
55	23	♦New Sabina Res C$1	240	+15	—	—	—
975	195	Northgate C$1	43	−2	—	—	—
685	530	RTZ	225	+15	—	—	—
£145½	£116½	Do. 9⅛pcLn '95-2000	532xd	−2	†20.0	2.8	5.4
980	882	♦Tara Expln $1	£120xd	−1½	Q9½%	14.0	8.2
			900	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∎ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	180	−1	Arnotts	220	+2
Craig & Rose £1	700	......	CPI Hldgs	63	......
Finlay Pkg. 5p	54	......	Carroll Inds.	139	......
Higsons Brew	235	......	Dublin Gas	85	......
Holt (Jos) 25p	715	−5	Hall (R. & H.)	60	......
IoM Stm. £1	74	−1	Heiton Hldgs.	21	......
IRISH			Irish Ropes	45	......
Fund 11¼% 1988	£100⅝	−⅛	Unidare	110	......
Nat. 9¾% 84/89	£95½	−½			
Fin. 13% 97/02	£103¾	−1⅛			

"Recent Issues" and "Rights" Page 12

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FINANCIAL TIMES
Saturday November 9 1985

PM rejects Soviet nuclear talks

BY IVOR OWEN

THE PRIME Minister has declined the invitation from Mr Mikhail Gorbachev, the Soviet leader, to talk about possible mutual reductions in the nuclear forces of Britain and the Soviet Union.

In doing so, Sir Geoffrey Howe, the Foreign Secretary, told the Commons yesterdsy that Mrs Thatcher bad suggested bilateral discussions between the two ceuntries on the wider aspects of arms control should be conducted at foreign minister level by Sir Geoffrey and Mr Eduard Shevardnadze, his Soviet counterpart.

Her refusal to talk in person with Mr Gorbachev on the issue —conveyed to him in a letter on Thursday — was strongly criticised by Mr Denis Healey, the Labour Party's foreign affairs spokesman.

He questioned whether the US had fully consulted Britain and other Nsto allies about the basis on which President Ronald Reagan will enter discussions about the prospects for cuts in nuclear weapons with Mr Gorbachev at their summit meeting in Geneva 10 days hence.

Mr Healey also claimed that the Prime Minister had been duped by Mr Reagan into believing that her support for his strategic defence initiative would result in a group in which Plessey was involved, and not Thomson-CSF of France and its US partner, securing the £2.2bn contract for a military communications system, placed by the US Defence Department.

Sir Geoffrey said Mrs Thatcher had reaffirmed, in her letter to Mr Gorbachev, that essential conditions would have to be fulfilled before Britain would agree to review its level of nuclear forces.

He stressed: "We must first see radical reductions in the super-power arsenals, without any significant change in Soviet defensive capability. We have made clear that, in those circumstances, we should be ready to look afresh at the whole question."

In the meantime, the US-Soviet negotiations in Geneva would continue to be the right place for talks on control of nuclear weapons.

The Foreign Secretary, who warned that it would be unrealistic to expect detailed agreements to emerge from the summit, said he would accompany the Prime Minister at a meeting with Mr Reagan immediately after the summit, "to discuss the way ahead."

His assertion that Britain had played a leading part in securing an agreed position within Nato, which would be reflected in the atance adopted by Mr Reagan in Geneva, was immediately challenged by Mr Healey. He asked whether the latest US proposals on cuts in nuclear arms had been discussed at the meeting of the Nato Council last week.

In what was seen as an ambiguous response, Sir Geoffrey said he thought they had been, but pointed out that there had been developments after the Nato meeting, including a broadcast by Mr Reagan.

Mr Healey accused the foreign secretary of being "curiously evasive," and said his understanding was that the latest US proposals had not been discussed at the Nato meeting.

Mr Healey said Nato ceuld only influence US policy if the organisation were united about objectives, by fsr the best of which would be a freeze on tests, development and deployment of new nuclear weapons. European allies should press the US to secure an anti-billistic missile treaty to ban all tests related to space defence.

Moscow's plan stresses manufacturing

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET Union will give top priority in its economic development to manufacturing industry, with special emphasis on re-equipment of existing plant in traditional industrial zones, according to guidelines published yesterday for the country's five year plan, to begin in 1986.

The guidelines show the influence of Mr Mikhail Gorbachev. Since he became party secretary-general eight months ago he has emphasised his belief that the country cannot continue to rely heavily on exploiting new supplies of labour, raw materials and capital. Instead the return on investment in existing plant will prove much better than building new projects, he believes.

The draft plan foresees manufacturing industry having grown by 25 to 28 per cent by 1990, compared to a more limited expansion of 11 to 13 per cent in the fuel and raw materials industries. With increased capital investment in re-eqnipping the engineering sector, outpt in the machine-building and metal-working industries is expected to increase in the five years by 40 to 45 per cent.

However, the guidelines also note that growth in consumption is likely to remain slow, and blames poor management and administration in recent years for deceleration. It also estimates that, becsuse of international tensions, military spending, although a beavy burden, will continue to consume 13 or 14 per cent of gross national prodnct.

Only a marginal increase in oil production, from 613m tonnes in 1984 to 630m-640m tonnes in 1990, is forecast.

Natural gas output—the Soviet Union having become the world's largest producer during the last five years—is to be rapidly increased from a planned 620bn cubic metres this year to 835-850bn by 1990. This is a much higher figure than expected but fits the Soviet energy plan to use gas in place of its depleted oil reserves in power stations and industry.

In agriculture—a burden on the rest of the economy—there is still a strong commitment to increase availability of food in the shops. During the last five years, agriculture has absorbed a third of total investment but output has risen only by 6 per cent.

The draft plan says the target for grain production in 1990 is 250m tonnes, or 60m tonnes more than the harvest this year. Output of fertilisers and farm machinery are both to increased substantially.

Cotton production, which has been lagging, is also to be increased—to 9.1-9.4m tonnes.

Big schemes with heavy investment are no longer fashionable in the Soviet Union and this is reflected in the guidelines. The emphasis is on the better use of existing resources.

The draft does contain, however, a commitment to start a huge project to divert water from rivers, which flow north through Siberia, to Soviet Central Asia, which hadly needs more irrigation. The scheme has been intensively debated in recent years and the proponents of a limited project to divert rivers have succeeded.

Banks act to stem $ surge

BY ALEXANDER NICOLL

CENTRAL BANKS acted quickly yesterday to stem a sudden surge by the dollar on foreign exchange markets. The movement came after remarks from officials in Tokyo and Wsshington were interpreted by the markets as signalling a less aggressive intervention policy.

The US currency, which had risen sharply on Thursday as dealers rushed to cover short positions taken in expectation of a continuing fall, gathered further impetus in Tokyo early yesterday, when Mr Noboru Takeshita, Japan's Finsnce Minister, said he wanted the yen to stabilise at its latest levels.

The dollar has fallen nearly 15 per cent in yen terms since the Group of Five leading industrialised ceuntries agreed on September 22 to take action to reduce its value.

During the fall, Japanese officials msintained that the yen had to strengthen further and central banks repeatedly responded to tests of their resolve by selling dollars to drive the US currency down.

The Japanese authorities seemed yesterday to be attempting to brake the dollar's decline and establish a trading rsnge. Despite Mr Takeshita's remark, the Bank of Japan sold dollars to curb the US cnrrency's rise and sgain acted to steer domestic yen interest rates higher. Mr Satoshi Sumita, the Bank's governor, said it would continue timely intervention.

As European markets opened, the West German Bundesbank also sold dollars to bring a quick end to the currency's surge.

The result of the central bank intervention was that the dollar finished in London at Y205.50, virtually unchanged from Thursday's closing Y205.60. This compared with a swing in Tokyo between a high of 207 and a low of 202.

The dollar's DM 2.622 close was little changed from Thursday's DM 2.6265 finish but was well below early levels of around DM 2.65.

The pound, which fell sharply on Thursday and was supported then by the Bank of England, stabilised yesterday and finished little changed at $1.417.

THE LEX COLUMN

Building the new society

The collapse this week of the proposed merger between the Nstionwide and the Woolwich building societies is one of several false starts on the road to liberating this stronghold of the financial services induslry. Those who fear that the movement might concentrate into oligopoly even before the new Bill becomes law must be encouraged to see a merger failing on old-fashioned antipathy between mansgements. But others will clamour for more than token rights under the Act to allow aggressive societies to snatch assets from their sleepier brethren by a direct approach to depositors.

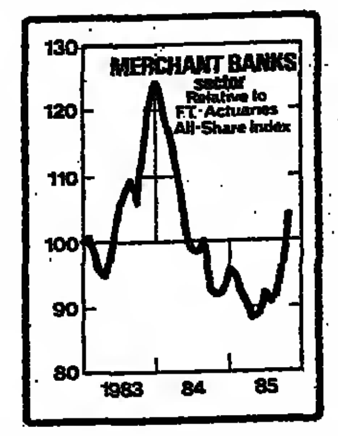
Unlike the Alliance and Leicester, which merged in October, the two parties would have needed to hack into each other's computer systems; even so, the Woolwich's argument that the merger would have cost some £20m over five years looks very much a worst-case assessment. It may be impossible to quantify the benefits of size in s brave new world not yet created, but they seem already to be considerable.

Apart from avoiding the waste of advertising money that bedevils all but the largest societies, a merger would have eased the way into both money-transmission and new forms of lending. With a very high level of fixed cost in money transmission, only a weight of transactions can reduce unit costs to bank levels. Equally, since only 5 per cent of the movement's commercial assets may be derived from new types of business—and since everybody will buy his estate agents' chain —the room for unsecured lending will be pretty cramped for the middle rankers.

Given the competition for funds, even a movement that has doubled its membership in less than a decade has little scope to widen operating margins to grow free capital. As yet, there is no sign that the largest societies are achieving much finer rates than their smaller colleagues in raising wholesale funds. But if the new business is to be built upon statutory free reserves, there is much to be gained by turning the duplicate fixed assets thrown up by a merger into free cash.

Of course, a true battle of bonuses between rival managements in a contested takeover might wake building society members to the value of their business as more than a dry-dock for their savings and a traditional source of finance for their houses. Stock market flotation would also accomplish that. But societies may be concerned that depositors who feel comforted by the mutual structure would desert a quoted company. They might also worry that balance sheet growth would be constrained by dividend distribution and, worst of all, that a Citibank might buy them up in order to provide retail funds for a branch network. To managers raised in the mutual tradition that is not an attractive prospect.

Index rose 9.0 to 1082.5



Markets

The equity market climbs determinedly on despite a growing concern among investment strategists that, even if the top has not quite been reached, it may now be within a few weeks' march. Poor figures from Shell and confirmation of the Cable and Wireless rights issue gave every opportunity for a correction this week but last night the indices were once again standing at record levels. The institutions' reluctance to withdraw funds from the equity market is not altogether surprising. They already have substantial cash positions and the gilt-edged market is being nudged lower by a curiously weak pound. So equities may continue to push ahead until cash calls or poor economic news revive memories of the early summer. For the moment, everyone is having a ball.

Hill Samuel

The directors of Hill Samuel have every sympathy with the predicament of their counterparts at S. G. Warburg. Mr Saul Steinberg has directed the market's attention to the possibility of a bid for Warburg but last year it was HS which operated constantly under the takeover cloud. And in the run-up to big bang, the threat of being taken over is a most awkward diversion.

It does not make the investor's job any easier either. Merchant banking shares have been performing strongly almost all year and, on fundamental grounds, now look a little overpriced. There was nothing the matter with yesterday's results from Hill Samuel —earnings per share were up 14 per cent after six months and should almost maintain that progress over the full year —but not even the bulls would argue that growth of that order can be counted upon after 1986.

Investment management, corporate finance and banking are all buoyant thanks to the rising markets and, even without big bang, would be vulnerable to a fall in equity values. HS is by no means the most expensive share in the sector—on a prospective multiple of around 8½ times—but then its earnings are more fully disclosed than most. It may be that the other merchant banks, in order to keep their share prices out of easy reach, may now follow the HS example and disclose profits in a more conventional fashion. Who knows, Warburg's parent might even pay an interim dividend.

Logica

Perhaps the most original feature of Logica's highly qualified accounts is the distinction between so-called mainstream businesses (those which made some money last year) and office automation (which soaked it all up). Otherwise the story looks all too familiar. Tangible assets of £11.4m ended the year supporting borrowings of rather more, and Logica's bankers ended up with a charge over everything from desks to intellectual property.

As the reverse in office automation also damaged the share price it is perhaps not surprising that every director sold at least a few. Less clarity has been devoted to such niceties as providing for further losses in automation and for redundancy costs, or to writing off goodwill in the oddly named Intelligent Technologies.

The auditors rightly say that these are matters which should have been dealt with, but to have done so might possibly have tempted the banks to call in their loans. Since the mainstream appears still to be flying quite vigorously, the banks will doubtless do better out of a reconstruction. So may those directors and employees who have surrendered their old high-flying share options in favour of new ones with more up-to-date exercise prices.

Continued from Page 1

Tax

to take a more active stand is attributed both to the retaliatory measures adopted by Britain, the only country so far to pass such legislation, and to the last-minute failure of the California state legislature to introduce the "water's edge" limit in September. Other states, including Florida, have repealed the worldwide provisions of unitary taxation, and many others never applied it.

Opponents of the system believe there is still a slim chance that California will pass its "water's edge" legislation in January. Meanwhile, a joint ICI case with Alcan, and another by Beechams, against California are expected to come to court early next year, with Barclays somewhat further behind.

The cempanies allege that the Californian system violates double taxation agreements, interferes with investment flows and is of doubtful constitutional legality.

Christian Tyler, trade editor, writes: The British Treasury said last night that it was setting three conditions for refraining from using its retaliatory powers.

The US legislation on unitary tax should be introduced before the end of this year. Secondly, it should take effect before the end of next yesr and thirdly, it should satisfy complainta about the proposed substitute taxation method.

Boost for US in chip war

BY LOUISE KEHOE IN SAN FRANCISCO

US SEMICONDUCTOR industry efforts to thwart alleged Japanese unfair trade practices were boosted yesterday by a unanimous International Trade Commission (ITC) ruling that US chip-makers had been injured by low-price Japanese shipments of "erasible programmable read only memory" (Eprom) chips.

Also the Reagan Administration is expected to file soon another semiconductor dumping suit against Japanese manufacturers, charging them with selling dynamic random access memory chips (Drams) in the US market below fair value.

The prospect of Administration action against Japanese chip exports was enthusiastically welcomed by US chip-makers.

"This proves that the Administration recognises that there have been violations and that they are going to take action to stop them," said Intel Corporation, a major US chip-maker.

Eproms and Drams, used to store computer programmes and data, together represent about a quarter of the $20bn world semiconductor chip market. Japanese suppliers currently hold an 80 per cent share of the US Dram market, while US chip-makers lead in the Eprom sector.

In the past year, most of the main US chip makers—with the exception of Texas Instruments —have dropped out of the Dram market as prices plummetted. The US chip-makers claim that Eprom prices—which have fallen from around $17 per chip in January to around $3 per chip today—have also been hit by Japanese dumping.

The preliminary ITC ruling on the Eprom dumping suit, filed jointly by Intel, National Semiconductor and Advanced Micro Devices, three Silicon Valley chip makers, means that this case will now be investigated by the US Commerce Department. Although the ruling is just the first step in what is likely to be a year-long process, it was welcomed by US analysts.

"We are very pleased with the unanimous finding that the US Eprom industry has been injured by Japanese predatory pricing. We view this as a major first step towards the favourable resolution of our case," said an official for the companies.

The Japanese companies argue that because US chip makers assemble and test their products abroad, primarily in Singapore and Malaysia, they are not in fact US producers and cannot claim injury under US anti-dumping laws.

In rejecting this, the ITC opens the way for this and other chip dumping suits to proceed. In particular, the US case, expected to be filed in the next few days, will claim that Japanese producers of Drams have sold the chips in the US below fair value. Texas Instruments, the only US company now making these chips in quantity, manufactures most of its Drams at one of its two plants in Japan.

South Africa

Continued from Page 1

incidents alleged by Mr Nel appear not to represent any violation of law or ethics, but to involve simply very enterprising coverage by skilled reporters."

● The US Treasury Department yesterday issued regulations banning loans from US financial institutions to the South African government.

Effective from midnight on Sunday, the ban is a continuing step to implement the limited economic sanctions against South Africa announced by President Ronald Reagan on September 9.

It applies to banks, savings banks, trust companies, savings and loans, credit unions, securities brokers and dealers, investment companies and pension funds, and any bolding companies or subsidiaries.

Ulster oaths for councils considered

By Margaret van Hattem, Political Correspondent

THE GOVERNMENT is expected to decide in the next few weeks whether to introdnce oaths of affirmation for Ulster councillors. These would require councillors to forswear support for violence or proscribed organisations such as the IRA.

Ministers have rejected the option of proscribing Sinn Fein, th IRA's political wing. But they appear increasingly cencerned by intelligence reports that Sinn Fein councillors are passing information to the paramilitary on the whereabouts and movements of Unionist councillors, gleaned from their council activities.

Government officials say that this is putting intolerable pressure on Union councillors, many of whom are boycotting their councils because of Sinn Fein participation.

While local suthorities do not at present play a significant role in the administration of the Province, ministers are anxious that this tier of government should remain, with all the main political parties taking part, while another attempt is made at devolution.

Proposals will not be put until the present round of Anglo-Iriah talks is completed. Ministers are determined to keep the two processes separate. However, some attempt to draw the Ulater political parties into negotiations is expected early next year, although little dramatic progress is expected.

Oatha of affirmation would be welcomed by the Unionists if, as is calculated, it excluded Sinn Fein from councils. However, it ceuld pose difficulties for Social Democratic and Labour Party councillors—the main voice of constitutional nationalism if it were seen as an oath of allegiance to the British state.

Ministers would not wish to regain Unionist participation in local government at the cost of driving out the SDLP.

At its aonual conference in Belfast this weekend, the SDLP has no scheduled debates planned on this or on the Anglo-Irish talks, but both topics are expected to dominate cenversatioo away from the platform.

Insurance group blames bad roads for rising claims

BY ERIC SHORT

THE deteriorating state of Britain's roads was said yesterday to be an important factor in the steady rise in the number of motor insurance claims, Guardian Royal Exchange Assurance, one of the UK's top three motor insurers, made the claim when announcing another rise in its motor insurance rates — an average increase of 9 per cent from the beginning of next month.

However, the view of GRE, which has over 1m vehicles in its portfolio, is not shared by General Accident and Sun Alliance, the other leading motor insurers.

They attribute the rise in claims frequency—from one in six motorists baving an accident in a year to one in five — to other faetors such as a decline in driving standards aod increased use of cars because of cheaper petrol.

Motor insurers have seen a steady rise in their claim numbers over the past 18 months and as a result have made frequent increases in rates.

In addition to bad driving and cheaper petrol, companies have cited a significaot rise in theft claims and the effect of protection schemes for No Claims Discount (NCD).

GRE is making its latest incresse only fiva months after lifting motor premiums by 10 per cent. It agreed that factors mentioned elsewhere had been vary influential in raising the number of claims bot it is the first insurance group to cite the condition of roads

The net result of GRE's latest action is that premium rstes in December will be about 20 per cent higher than a year earlier.

Premiums paid by a mature man renewing his insurance in December on a 1.600 cc Ford Cortina will rise by 23 per cent, from £133 to £164. This assumes he has comprehensive cover, full NCD for himself and his wife only, snd is living in Inner London. Insurance on a similar basis fo ra person living in Cornwall will increase by 21 per cent, from £85 to £103.

GRE claims that motor insurers are now paying the penalty for indulging in unbridled competition for business during the early 1980s.

This had resulted in premium rates that were 20 per cent too low. Insurers were now having to catch up in order to stop their motor accounts deteriorating further.

Royal Insurance has also made two increases this year, on March 1 and June 1.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Avon Rubber	320	+ 8
Bluodell-Permoglaze	140	+ 20
Brown (Matthew)	520	+ 42
Bryson Oil & Gas	118	+ 13
Burton	595	+ 20
Canning (W.)	93	+ 8
Coats Patons	163	+ 6
Crystalate	130	+ 16
Hambros	190	+ 10
Hawker Siddeley	429	+ 12
Jaguar	328	+ 7
Marston, Thompson	92	+ 5
Pearl Assce	£13⅛	+ ⅛
Plessey	142	+ 6
Reabrook	74	+ 8
Simon Eng	210	+ 14
Smiths Inds	229	+ 10
Somportex	150	+ 7
Tate & Lyle	528	+ 10
TI	413	+ 17
Ultramar	218	+ 12
Wl'hp'ton & Dudley	410	+ 14
FALLS		
Treas 11¾pc 2003-07	£113⅝	− ⅝
Acorn Computer	50	− 3
Apricot Computers	60	− 9
CASE	99	− 10
Castle (G. R.)	13	− 5
Logica	159	− 8
Lon Prov Shop	253	− 27
Micro Focus	110	− 30

WORLDWIDE WEATHER

UK today: England and Wales cloudy. Scotland and N. Ireland cloudy with showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	20	68	Corfu	S	19	66	Madeira	F	24	75	Perth	C	19	66
Algiers	S	27	81	Dallas†	C	7	45	Madrid		—	—	Prague	C	8	46
Amsdm.	R	10	50	Dublin	C	13	55	Majorca		—	—	Reykjvk.	S	−2	28
Athens	F	16	61	Dbrvnk.	S	19	66	Malaga		—	—	Rhodes	S	21	70
Bahrain	S	28	82	Ednbgh.	F	9	48	Malta	S	21	70	Rio J'o		—	—
Barclna.		—	—	Faro	S	24	75	M'chstr.	F	15	59	Rome	S	19	66
Beirut		—	—	Florence	S	15	59	Melbne.	F	20	68	Salzbrg.	F	8	46
Belfast	C	12	54	Frankft.	R	9	48	Mx. C.		—	—	S F'cisco†	C	11	52
Belgrd.	C	11	52	Genova	R	6	43	Miami†	S	14	57	Singapr.	F	30	86
Berlin	S	9	48	Gibraltar	S	23	73	Milan	S	10	50	S'tiago		—	—
Biarritz	S	25	77	Glasgow	C	8	46	Montrl.†	F	3	37	Stckhm.	S	3	37
Bmghm.	C	15	59	Helsinki	Sn	1	34	Moscow	C	4	39	Strasbg.	R	7	45
Blackpl.	F	14	57	H. Kong	C	26	79	Munich	R	7	45	Sydney	S	24	75
Bombay	S	33	91	Innsbrk.	F	4	39	Nairobi	C	19	66	Tangier	S	30	86
Bordx.	F	22	72	Invrnss.	R	6	43	Naples	S	18	64	Tel Aviv	S	27	81
Boulgn.	F	15	59	I.o.Man	R	13	55	Nassau		—	—	Tenerife		—	—
Bristol	C	16	61	Istanbul	F	13	56	Nwcstl.	C	9	48	Tokyo	S	24	75
Brussels	C	11	52	Jersey	R	15	59	N Delhi	S	26	79	T'ronto†	S	1	34
Budpst.	S	11	52	Jo'burg	S	21	70	N York†	S	8	46	Tunis	S	23	73
Cairo	S	29	84	L. Plms.	S	27	81	Nice	F	18	64	Valencia	S	27	81
Cardiff	C	14	57	Lisbon	C	20	68	Nicosia	C	23	73	Venice	F	12	54
Cape T.	S	20	68	Locarno	C	9	48	Oporto	C	19	66	Vienna	S	13	55
Chicago†	S	1	34	London	C	15	59	Oslo	S	3	37	Warsaw	F	6	43
Cologne	C	10	50	L. Ang.†	C	16	61	Paris	R	15	59	Zurich	R	5	41
Cphgn.	S	8	46	Luxmbg.	R	5	41	Peking	S	3	37				

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

WEEKEND FT

Saturday November 9 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

British Rail's Pension Fund made history by deciding in 1974 to spend millions on buying art. How has this controversial project worked out? **Nicholas Faith** reports.

Wheels of fortune

ONLY once in British financial history has there been a systematic institutional attempt to invest millions of pounds long-term in works of art. The venture was a joint one between the British Rail Pension Fund and Sotheby's, the auction house. In hindsight, it was an extraordinary idea, although it seemed natural enough in mid-1974 when it was conceived. At that time, every alternative investment — shares, government property—seemed hopeless.

Later in the decade, when the art scheme was called into question, investment prospects had been transformed. But the British public did not like to be reminded of its own feelings a few years earlier when it had assumed double-digit inflation was here to stay, and looked to gold and works of art for protection.

The man behind the idea was Christopher Lewin, a quiet, precise, mild-mannered actuary in charge of BR's pension fund. He had always been a collector in a modest way of manuscripts and books, mostly on recent British social history. So, investment in works of art was not an unthinkable proposition.

His first step was to undertake what remains the single most thorough analysis of trends in the art market. He concluded that most categories of "traded art" had proved sound investments in the long term—and a pension fund can afford to ride out slumps lasting up to a quarter of a century if the eventual return is sufficient. From this vantage point, only tapestries and arms and armour had failed to keep up with inflation in the 50 years to the end of the 1960s.

His conclusions seemed flat, trite, unexceptional: "The risk element is not as great as you might think . . . demand will increase, supply won't . . . we could be international in buying goods without any problems of foreign exchange regulations . . . I had very good reasons to suppose that works of art would be an excellent hedge." He convinced the fund's trustees, including the union representatives; and the chairman of the British Rail Board, Richard (now Lord) Marsh urged him to "have a go."

Unlike most other major pension funds BR's money was managed by outsiders, mostly merchant banks, so it seemed natural to look for an expert intermediary. The obvious choice was Sotheby's "which we thought of as the premier auction house but also as a source of expertise," says Lewin. The opportunity was made to measure for the late Peter Wilson, the chairman of Sotheby's, who dominated the art world of the 1960s and 1970s.

Wilson was more than a great auctioneer. He was that rarest of phenomena: a man who not only transformed a business but also helped to change the way we look at the world; the assumptions on which part of our lives are built. Until this time we cherished our possessions almost exclusively for their beauty, or their usefulness, or their emotional associations with our own lives or the history of our families. But a new dimension has now been added to our perceptions: each piece, each work of art, however sentimentally important, now invariably has a price tag attached to it. More often than not, the value is related to what the object would fetch at auction.

Wilson had the instincts of a great dealer (one of the reasons so many dealers hated him so much) and was always an instinctual animal rather than a long-term strategist. So, he jumped at Lewin's approach even though, by accepting the role of adviser, he abandoned the neutrality which had been the auctioneer's role since time immemorial.

Typically, he compounded his eventual problems by recommending as manager for the fund not an impartial outsider, but someone close to him whom he thought he could control: Annamaria Edelstein. Educated as an international lawyer, this handsome, black-haired Italian lady had come originally to Britain as the wife of a Scottish farmer, had divorced, gravitated to London, remarried a well-known dress designer, Victor Edelstein, and for some years had been working with Wilson's younger son, Philip, on Sotheby's books. She had acquired an excellent all-round education in traded art, but it was simply asking for further trouble to choose someone so closely indentified with Sotheby's.

In the event, the investment policy was institutionalised rather more than Wilson hoped. Lewin wanted to invest around 3 per cent of the fund's annual cash flow, or between £4m and £8m, in works of art—a modest addition to demand which, he reckoned, would not upset prices provided the purchases were sufficiently diversified. BR and Sotheby's formed a series of joint companies (they kept switching them to keep the investment details away from the press and, in particular, from Geraldine Norman, the widely-respected saleroom correspondent of The Times, who was an early opponent of the scheme). But it was BR which was putting up the cash; so each proposed purchase had to be formally submitted, complete with photograph and price comparisons, through Annamaria Edelstein to a Works of Art sub-committee, which would decide whether to buy and the maximum price to offer.

The sub-committee, which Lewin chaired, imposed a rather loose disciplinary framework. It could provide guidelines and decide on the categories on which to concentrate. It even turned down flat a few proposals. But Lewin knew that "we had to trust our manager to put together a series of collections. It couldn't be done by a committee, only by an individual . . . she turned out to have a good eye for a bargain." She was, inevitably, going to be influenced by Wilson's suggestions; but the combination of BR's inevitably cumbersome decision-making process and Annamaria's own independent turn of mind prevented him from exerting the influence he might have hoped.

The very first purchase in 1974 was a 17th century Italian illustrated book on architecture, the first of a large number of books and manuscripts, some of them bought for little more than £100, not only because Lewin felt comfortable with them, but because they seemed especially good value at the time. Numerically the fund was well enough spread over 1,500 items acquired in just four years. They covered every possible "serious" field of collectibles: superb Egyptian bronze heads, 18th century French furniture, Chinese porcelain and bronzes, German Renaissance gold jewellery and classical antiquities.

In cash terms, the fund was rather unbalanced: a third of the money was spent on Old Masters, another 10 per cent on Impressionists—an investment limited because Lewin thought prices were rather high—and the same proportion on Chinese porcelain. Outside these three fields, its impact on the market was marginal. Nevertheless, the collection was—and remains, for very little has been sold—unique; it is one of the last great collections which will ever be formed. Other collections were private, corporate or public. British Rail's was institutional, for pure profit, not for show, or use, or decoration.

Geraldine Norman and the dealers were the first to criticise the idea. They were soon followed by a Labour member of Parliament, Andrew Faulds, and a number of union leaders—though the workers' representatives on the investment committee were generally happy with the idea; they grew particularly fond of "our Annamaria." But the first sign of real trouble came early in 1977 when the Comptroller and Auditor-General, the government's top financial watchdog, expressed his concern about pension funds' "almost unfettered powers of investment" and wondered if the government ought not to have some say, either in the appointment of trustees or in framing investment policies.

Early in 1978, the mounting criticism led to an investigation by a House of Commons committee. By then, the policy had few defenders, partly because its natural allies in the art world had been alienated by the Sotheby's connection.

One of the criticisms—that the whole collection was sterilised in a London vault—turned out to be largely unfounded. Because the loans were anonymous, no one had realised that a third of the fund's collection—worth two-thirds of the total—was on public display. BR could not insure the works and only a newly-introduced government indemnity scheme enabled the smaller provincial museums—which benefited the most—to accept the loans. Proportionately, the biggest beneficiary has been Doncaster, a railway town with very little in its museum. Some major British museums were too sniffy about the commercial connections to accept loans, so a few pieces found their way abroad.

By the end of 1977, every major purchase the fund made seemed to attract publicity. In effect the climate of opinion had changed. Lord Leightons might have soared in value, but so had the stock market, which had more than doubled from the dark days of 1974 when the scheme was hatched. The bargains in the stock market in 1974-75 proved to be greater than those available in the art market.

This is not to say that Annamaria Edelstein will be proved wrong in the long term: indeed, in terms of pure capital appreciation her overall judgment will probably be vindicated. But the capital appreciation may well not compensate for lost income. George Ross-Goobey, a much respected figure in the pension fund movement, put the matter with characteristic bluntness: "Personally, I view these investments very poorly. They are probably unique and I hope they remain so . . . One great advantage of pension funds is freedom from tax on their income. Works of art produce a negative income in that they cost money to be insured, preserved and stored. Capital appreciation may do enough to eventually make up for this loss, but it is a very big handicap to start with."

The game was given away by one of the fund's defenders, a Mr J. F. Flower, in a letter to The Economist. It needed, he wrote, "only an average annual rate of inflation of 14.7 per cent between now and 1999 for a work of art to be a better investment than a government stock for a tax-exempt pension fund." So, once investors were expecting less than this hyper-inflationary rate in the future, the case for investment in works of art looked decidedly thin.

It was a point of view with which Marsh's successor, Sir Peter Parker, undoubtedly agreed. Parker wanted the pension fund to be managed directly, cutting out intermediaries of all descriptions. He also knew that the fund's investment in art, by then nearly £30m, was a campaign that could not be won. So in 1978 Parker brought in John Morgan, an experienced fund manager from Rothschild's, with a clear, if unspoken brief: to stop the experiment. This did not mean selling, nor abandoning, any further investment—Morgan was prepared to commit funds up to the original total of £40m, less than 1 per cent of the total value of the fund—but it did mean that the adventurous phase was over (not surprising, Annamaria Edelstein left BR a couple of years later).

Morgan, like Parker, had been shaken by the depth and bias of the press comment, but he was also appalled by the problem of selling any substantial part of the collection. It was difficult enough even to value—indeed it is still in the books at cost price. Insurance values provide only a rough guide, and the very disadvantages — notably, the inability to find out comparable prices on a regular basis, which militated against buying works of art in the first place—also prevented any proper valuation. But the money will not be needed until early in the next century when the pension fund will be running down (because the number of railwaymen has been falling for many years). So, Morgan can follow a purely neutral policy, selling very little and leaving the collection virtually intact.

The true imperfections of the art market, and investing in it, will become finally clear only in a generation's time when these treasures are put up for sale —presumably, at Sotheby's.

● *From "Sold" by Nicholas Faith, to be published by Hamish Hamilton on November 14 at £9.95.*

The Long View

Britain's rocky balance sheet

Our annual budgets are a transparent fraud, says Anthony Harris, who argues that proper accounts would put the national deficit at around £18bn, rather than the published figure of £7bn.

FIRST, rather an old story. When the late Iain Macleod became Mr Heath's first Chancellor, more than 15 years ago, one of his only acts—he died six weeks after taking office—was to scrap the old Labour scheme of investment grants, and restore the earlier scheme of investment tax allowances. He believed, and no official was able to disabuse him, that he had achieved a substantial cut in public spending which would help him to reduce taxes.

This highly intelligent man seemed unable to grasp the fact that if you support investment by failing to collect tax rather than by collecting it and then handing it out again, the financial position is unchanged. For several years the official White Papers on public spending had to carry a note explaining that Macleod's "saving" was illusory.

If Macleod could make such an elementary mistake, one can charitably allow that his present-day successors, who are by no means as clever as he was, are also honest in their belief that they are following their proclaimed stratagy of tight fiscal policy. Politicians have no grasp of balance-sheet concepts, simply because they are never shown a balance sheet. The public sector capital accounts are a list of liabilities —the bottom line is simply the national debt.

This produces many odd results. All outlays are simply "spending," with no distinction between investment which will produce future resources, and current spending which simply consumes them. So it may seem logical to argue, as the Treasury is reported to be arguing, that we should cancel out the next nuclear power station to make room for tax cuts. Even the Government's City supporters (a rather small group these days) might applaud. Yet if Great Britain Ltd were a company with a balance sheet, proposing to cancel capital investment in order to pay higher dividends, it is easy to imagine the "sell" recommendations you would get by the next post.

(Readers who doubt that we actually need a new nuclear power station—who may well be right—please hold your peace. This column is about financial analysis, not industrial economics.)

The answer to this sort of silliness, if the Treasury cannot be persuaded to produce proper accounts, is privatisation; once they are in the private sector, and off the national debt books, successful industries can take sensible decisions about investment. That is why privatisation could do quite a lot of good to our industrial performance even if the old monopolies are regulated rather than broken up. Unfortunately, though, there is a very large catch; selling off industries produces a much bigger book-keeping distortion than simply interfering with investment decisions. Because of our one-sided balance sheet, the proceeds are counted as negative spending. (They reduce borrowing, see?)

As a result, our annual national budgets, far from giving a true and fair view of the national finances, have become a transparent fraud. The City is not deceived, but voters are—and, on the Macleod test, ministers are probably fooled too. Poor them, and poor us.

It would take several columns even to attempt a full elaboration of the national balance sheet, but even some rough guesstimates suggest that the scale of the distortion is really pretty startling. Privatisation through the stock market is only the tip of the iceberg — though that, as we are to learn any day, will soon be running at £5bn annually. In addition, local authorities are selling houses and nationalised industries are selling land and other assets to the tune of £2bn-£3bn.

We have already doubled the published deficit, and we are only just starting. Proper accounts would show depreciation — what the Blue Book, the only half-way honest national account book, classes as "capital consumption." In recent years this has exceeded the published figure for public sector investment more often than not. We could charitably put this at about £3bn annually (the backlog of maintenance on public sector housing, according to an official report to be published soon, now adds up to £20bn).

Finally, we come to North Sea oil. A purist accountant would class the whole of this revenue as a sale of capital assets, since the oil is not renewable; but even on a much shorter view, the peak of revenue which reflects the peak in North Sea output (and possibly of North Sea prices, too) cannot be counted as revenue in a medium-term strategy. It is here today and gone tomorrow. That is another £2bn-£3bn which is not available in the medium term.

Against all this, there is one small item to the Government's credit — £3bn or so for gross fixed capital formation. Unfortunately most of this is not investment in any productive sense, but tanks and aeroplanes and hospitals which will actually increase the burden on future taxpayers.

Add all this together, and you will see that in any business sense the Government's deficit — the deterioration in the national balance sheet — is not running anywhere near the published £7bn a year, but at £18bn or so (something like half the scale in relation to the size of the economy that President Reagan has achieved). This is much more profligate than any Labour Government has dared to be, if we allow for the fact that a good proportion of Labour borrowing did go to finance investment.

This balance sheet analysis produces a rather grim picture of Great Britain Ltd. The Opposition MPs who think that everything can be put right by a massive reflation are as deceived as any minister: Mrs Thatcher got there first. Indeed, given there is a limited shelf of saleable assets and a limited supply of North Sea oil, the next Chancellor will face some uncomfortable choices. The Opposition might even conclude, as Lord Kaldor did when he looked at the books before the 1974 election: "This is an election we have to lose!"

However, the public sector is not the whole of Great Britain Limited. For somewhat better news of the private sector balance sheet, watch this space.

•CONTENTS•

Restless bulls give way to a mood of caution

THE STOCK market looks as strong as ever this wek although it is hard to ignore the restless movements of one or two bulls who had been quietly grazing after the 8 per cent rise in equities over the last month.

The All-Share Index is currently standing at the top of the range of analysts' forecasts for this year. Perhaps it is simply human natura for them to assume that now tha market has reached their targets the next movement could well be a downward correction. But there are some good reasons for a degree of caution.

The consensus of opinion suggests that the risa of equities has been fuelled by two or perhaps three, basic factors. Takeover rumour has been rife, creating a speculative froth on the market although the number of large bids has actually been small. The other feature is the weight of institutional money in the absence of large new aquity issues in recent months. The third, though possibly less forceful, argument is that the market has been fundamentally undervalued in terms of earnings and yield.

However, the last point has been weakened by the re-rating of recent weeks while takover rumour is a highly fickle factor to base a market on and institutional liquidity will soon be mopped up by a string of large issues, the most imminent being Cable and Wireless at the beginning of next month. So the two or three props to an All-Share around 680 could prove fragile.

And there are furthar reasons to suspect the market's durability. Take a look at the oil sector. While the spot market has been strong, reflecting soma shortaga of commercial stocks on land, the underlying picture is one of high output by several Opec countries which could cause oversupply and lower prices. At the moment it is hard to visualise the producers turning down the taps.

A weaker oil price could cause some exchange rate jitters which in turn might reduce the scope for UK interest rates to decline. And lower oil revenues for Mr Lawson might also trim his ability to launch an electioneering Budget in spite of a £5bn privatisation programme.

If that argument is extended to the point where the City views the Budget as not good enough to lay the ground for, say, an autumn '87 election then political risk starts coming into the equation.

There are a lot of imponderables and it would be unrealistic to suggest that the market is about to hit a prolonged bear phase. But such pessimistic thoughts are creeping into market reviews, although most analysts remain bullish for 1986 as a whole, and it is quite possible that some short term setback will occur. Predicting a turning point is virtually impossible — before the market collapsed in the summer it was standing at record levels.

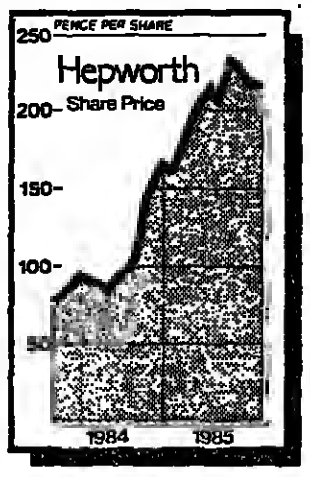
Anyway, for the present, equities are strong and few sectors have matched up to tha ascent of the stores division which is riding at its highest level relative to the market for two decades. Collectively stores stand on a historic earnings multiple of over 20—only food, retailing and property can claim higher ratings.

The phenomenal rise this year (the sector is 50 per cent above its low point) can be attributed to three basic trends: consumer spending has shown consistent growth for more

London

than three years, tha strength of the pound against the dollar has turned investors towards domestic earnings and, finally, a few acquisitions have provided an extra couple of points for speculation.

Yet some analysts are beginning to wonder if the whole sector has become over-cooked even though they anticipate a good Christmas season and continued strong consumer spending into next year. And when Marks and Spencer is sitting on a prospective p/e of over 20 their doubts are understandable.



The big climbers of the sector are not really the giants such as GUS and Sears (Marks is an exception) but the smaller specialist groups stuffed full of "concept" and "lifestyles." J. Hepworth, once a dowdy menswear chain and now the shooting star of Next, is a case in point as the chart shows.

The success of Next stands undisputed. The latest figures, showing a leap in profits from £13.62m pre-tax to £20.06m, tops off a compound annual growth rate of 50 per cent over the last four years. But there is a limit to how much more can be achieved from transforming Hepworth stores into highly profitable Next outlets simply because the management is running out of stores to convert.

They may be a very able bunch at Hepworth but tha growth rate could slip to 30 per cent or so this year, still not bad going, but beyond that the future looks a little foggy for the market. So as impressive as the year's figures undoubtedly were, the shares lost their edge as the City pondered the merits of a prospective p/e of 18, assuming £27m pre-tax.

People looking for bargains might skip over Hepworth's shares and indeed dodge the market altogether to head down to the local travel agent. The price war amongst the tour operators has reached lunatic proportions if the media-hype is to be believed. If you had been quick on your feet you might have picked up a week's holiday for nothing and been offered some spending money to boot.

Thomson started the war with its brochure early in October containing price cuts of 17 per cent and doubled holiday capacity. International Leisure (née Intasun) retaliated while Horizon emulated its larger rivals with price cuts averaging 20 per cent.

Aggressive pricing is wonderful news for holidaymakers but, one might have thought, not such good news for tour operators. Yet the share price of International has only slipped a few pennies while Horizon has actually moved up since war commenced.

The reason for this apparent contradiction is that the battle between the giants stands more chance of fatally wounding many of the small- to medium-sized operators than it does of seriously hurting the real protagonists. To an extent the price cuts are simply passing on cost savings that have amerged for a variety of reasons. Also, after a poor summer, the whole industry is anticipating a sharp increase in the number of packaged holidays in 1986, perhaps by as much as 20 per cent, and all the majors seem determined to increase their share of a rising market.

So it is possible to see how the price cuts can be funded while it is also worth remembering that some of the cuts are illusary anyway. Intasun, for example, has concentrated them in the quiet months where it was heavily discounting its brochure's prices last year and therefore the actual drop in income is less than the excitement generated by the cuts might suggest.

Even so the market seems to be taking a lot on trust. The normal reaction in other sectors when there is a price war is not to mark shares higher.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	1,082.5	+ 11.9	1,082.5	911.0	Profit-taking slows market run
Akroyd and Smithers	510	+ 60	510	260	Broker's recommendation
Blue Circle Industries	570	− 28	603	468	Mexican earnings worries
Breakmate	142	+ 15	143	90	Newsletter recommendation
Brown (Matthew)	520	+ 80	520	260	Hopes of new bid from S. and New.
Compsoft	50	− 25	143	47	Half-year profits slump
Delyn Packaging	136	+ 30	140	87	Speculative demand
Geevor Tin	82	− 28	250	80	LME tin crisis enters third week
Gomme Holdings	61	+ 14	64	30	Satisfactory annual results
Group Lotus	109	+ 10	118	68	Favourable Press comment
Laird Group	215	+ 9	221	141	British Rail contract
Marley	113	+ 9	114	70	Revived bid hopes
Marshall's Universal	68	+ 10	77	55	British Syphon acquires stake
Mercury Securities	700	+110	705	400	Reliance of US acquires 10% stake
Oxford Instruments	383	+ 35	398	238	Bumper half-year profits
Pearl Assurance	£13¾	+ 1¼	£13¾	980	New business figures/bid speculation
Robinson (Thomas)	160	+ 19	160	37	Speculative buying
Shell Transport	665	− 20	795	645	Third-quarter net income down 55%
Telemetrix	130	− 20	400	130	Chairman's profits warning
Tomkinsons	173	+ 25	178	112	Speculative demand

Getting the message across . . .

THE Unlisted Securities Market has seen a bombardment of new issues from marketing and media-related companies over the past few months. Yellowhammer, Moss Advertising and FKB Group joined within a space of weeks during the summer, for example, and Shandwick arrived last month.

In spite of the onslaught, however, one gap in the media market has remained to be filled. That will change next week with the advent of TMD Advertising Holdings, the USM's first media independent.

Media independents tend not to be widely known outside tha advertising industry because of their low public profile. Their business is buying time and space in the media on behalf of advertisers, and their aim is to get their client's message delivered as cheaply as possible to the maximum number of potential customers in the desired target area.

Some 15 years ago, the accepted route to buying advertising was through the full service agency which, for a fixed payment, offered all the various marketing skills associated with advertising whether the client needed them or not.

As advertising costs have soared, however, advertisers have scrutinised their budgets more carefully and some have decided they can get better value for money by choosing individual services when and where they need them.

The result has been to encourage the spawning not just of media independents but of creative consultancies, sales promoters, direct marketeers, product developers, media consultancies and marketing advisers, all offering services that would once have been regarded as part of the full service agency domain.

TMD — the initials stand for The Media Department — started business in 1972 as a subsidiary of Kimpher, the holding company for a number of advertising interests, which in turn became a subsidiary of the Guinness group. It was bought out by its management in 1982.

Profits have risen over the past five years, from £132,000 in 1981 to £504,000 in the year to last August on turnover up from £13m to £34.7m. Growth has been aided not just by the effects of rising advertising costs, but also through the increasing complexity of advertising caused by the introduction of additional media such as Channel 4, TV-am, commercial radio and new magazines.

USM

UNLISTED SECURITIES MARKET

These factors have benefited media independents generally, but TMD has outpaced the rest. Advertising industry figures show that TMD was the fastest growing advertising company in terms of media spending in the five years to last December, and it is now the largest independent media specialist in the UK.

The company is coming to the market through a placing of 1.1m shares at 118p each through broker Phillips and Drew. This means that most of the shares will go into the hands of P&D's clients; but Stock Exchange rules provide for 25 per cent of the shares to go into the market, so there will be a small number available for buyers.

Would-be investors may be put off by two factors in the prospectus. One is that the gross margin is excruciatingly tight at under 1 per cent, and the othar is that £197,000 of last August's £504,000 pre-tax profit came from interest receivable.

Neither gives great cause for concern. The margin is typical for a media independent, as is the contribution of interest to profits: media independents are paid in advance for placing advertisements and the interest earned on fees held is an essential part of their income.

More important to TMD's future is the extent to which it is successful in fighting off its rivals. Media buying is a cut-throat business and TMD faces stiff competition, not just from other media independents but from the full service creative agencies which are fighting hard to reclaim this lost corner of their empire.

TMD can argue with justification that its record proves it can beat the opposition. It also has interesting plans for growth: it is setting up a financial media subsidiary in readiness for the marked upturn in financial services advertising which it foresees as a result of the changes taking place in the City.

The company comes to the market without a profits forecast because it is so early in its financial year. The historic p/e ratio is 21.4 on a 45 per cent tax charge: extrapolating past growth would suggest a prospective p/e ratio of about 16, which does not look high against the ratings of some of the full service agencies.

The City likes the look of TMD's management and the novelty of the business is attracting interest. The shares will probably open at a small premium but the size of the issue will prevent them being widely traded once the initial flurry has died down; nevertheless, it is going to be an interesting one to watch.

Richard Tomkins

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Abbey	89½§§	103	90	17.40	French Kier
Allied-Lyons	255*	285	275	1,724bn	Elder IXL
Arlington Motor¶	234*	225	167††	10.50	Unigate
Britannia Arrow	139§	145	131	209.07	Guinness Peat
Brook St Bureau	174	170	162	18.00	Blue Arrow
Cass Group¶	135	125	180	7.90	Telephone Rentals
Cole Group	260*	295	240	7.83	Low & Bonar
Drayton Prem Inv	500*	513	446	153.53	NCB Pensn Funds
Dufay Bitumastic	59§§	57	56	9.70	British Tar Prods
Dufay Bitumastic	50¼	57	47	8.30	Kalon Group
Insight Group	166§	160	138	12.47	Hawley Group
Maynards	424	420	335	20.76	Ward White
Owen Owen	545§ §§	535	490	32.18	Ward White
Pearce (C. H.)	699§§	690	725	26.38	Crest Nicholson
Pyke (Hldgs)	392	393	348	14.79	Hillsdown Hldgs
Security Centres¶	143§	150	100	22.76	Automated Security
SGB Group	262	256	226	110.98	BET
Somportex	28¼*§	150	27	0.79	Messrs N. Wray & C. Mattock
Spear & Jackson	234	238	168	13.16	Neill (James)
Sparrow (G. W.)	70	78	48	6.91	BET
Stewart Plastics	141½	139	112	32.17	Bunzl
Sunleigh Elect	7½	7½	7½††	1.66	Godwin Warren
Telefusion	55§§	52	34	26.84	Electronic Rents
Towngrade Secs	32¼*§	33	37	1.67	Milbank Dev
United Parcels	†40½	†45	113	94.88	Bunzl
Walker & Homer	21½	20	16½	2.88	Hillsdown
Wingate Prop Inv	132½	127	105	18.27	Trafford Park Ests

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on November 8 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖ Loan stock. ‡‡ Suspended.

INTERIM STATEMENTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bailey, C. H.	Mar	204	(12)	0.4	(0.1)	—	(—)
Bridport-Gundry	July	2,110	(1,590)	15.5	(14.4)	5.0	(4.0)
Brikat Group	July	1,280	(879)	14.0	(8.6)	4.0	(0.75)
Burgess Products	July	1,100	(73)	—	(—)	2.0	(0.5)
Cramphorn	July	432L	(570)L	—	(—)	5.17	(5.17)
Firstland Oil	June	97L	(—)	—	(—)	—	(—)
Gomme Holdings	July	1,720	(1,530)	—	(—)	2.0	(—)
Hepworth, J.	Aug	20,060	(13,620)	8.7	(6.1)	3.75	(2.58)
ICC Oil Serv	Mar	276	(1,060)	0.8	(1.6)	—	(0.02)
Jessups	Aug	1,370	(1,130)	13.3	(12.9)	4.0	(3.0)
Regentcrest	Apr	102	(216)	0.6	(0.8)	1.5	(1.0)
Rosehaugh	June	2,700	(3,400)	22.5	(31.8)	3.92	(3.36)
Smart, J.	July	1,280	(879)	7.9	(6.6)	4.35	(3.95)
Star Computers	June	622L	(120)	—	(3.4)	—	(2.5)
Tay Homes	June	647	(1,020)	11.6	(7.1)	4.5	(4.5)
Town Centre Sers	June	2,650	(2,400)	1.8	(1.5)	1.0	(0.89)
UDO Holdings	July	1,550	(805)	15.1	(8.5)	3.75	(—)

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Assoc Brit Foods	Sept	62,400	(53,600)	1.9	(1.7)
Bisichi Tin	June	40	(42)	—	(—)
Bradbury-Wilks	June	564L	(3,760)L	—	(—)
Buckleys Brew	Sept	481	(504)	0.8	(0.8)
Case Group	Sept	3,410L	(4,210)	0.45	(0.45)
Compsoft	June	2	(341)	—	(—)
Electrocomp	Sept	16,030	(12,750)	1.9	(1.6)
England, J. E.	June	33L	(79)L	—	(—)
Feb Int'l	June	71L	(457)	0.89	(0.89)
Geers Gross	June	307	(783)	1.5	(2.0)
Graig Shipping	Sept	420	(345)	5.0	(5.0)
Grampian TV	Aug	262	(506)	0.43	(0.43)
Health Care Serv	Sept	305	(—)	—	(—)
Jackson Group	June	428	(444)	1.2	(1.2)
Lifecare Int'l	June	69	(—)	—	(—)
Normans Group	Sept	753	(1,060)	0.9	(0.9)
Oxford Inst	Sept	6,660	(2,310)	0.6	(0.4)
Renold	Sept	2,500	(1,100)	0.7	(—)
Sainsbury, J.	Oct	92,400	(75,100)	1.65	(1.4)
Sound Diff	June	2,680	(5,270)	—	(—)
Stormgard	June	38	(34)	—	(—)
Tysons (Cont)	June	420L	(361)L	—	(—)
WA Holdings	Aug	7L	(270)	—	(—)
Wire & Plastics	June	157	(131)	1.1	(1.0)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share except where otherwise indicated. L Loss.

SCRIP ISSUES

RIGHTS ISSUES

Bestwood—To raise £4.2m through a four for seven rights issue at 280p.

Cable ad Wireless—To raise £300m through a one for eight rights issue.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Chester Waterworks—Offer for sale by tender of 1.5m 8 per cent redeemable preference stock 1992 at a minimum tender price of £100.
Martin, Ronald Group—USM placing 2.3m shares at 90p.
TMD Advertising—USM placing 1.1m shares at 118p.
World of Leather—USM placing of 2.3m shares at 128p.

Cable and Wireless—To raise £300m through a one for eight rights
SPP—Offer for sale of 6.5m shares at 125p.

Unilever gets back on course

CONSUMER products major UNILEVER is thought to be enjoying a better time since its rather dull first half. The expectations are for third quarter profits to hit £275m, £30m ahead of the same period in 1984 and enough firmly to restore the rising trend for this year as a whole although the use of year end 1984 exchange rates for the quarterly reports flatters the figures somewhat.

This will be some comfort for the recent failure of the costly bid battle for Richardson-Vicks Inc—although losing to the old enemy Procter and Gamble must have been galling. In spite of this defeat the commitment to US expansion remains but as the world's largest company in this sector, Unilever will have to be quicker on its feet if it is to win the big battles.

It was the U.S. expansion moves that especially hurt in the first half, as enormous marketing bills—estimated at some $100m—dented profits. Peak spending should now have been passed and Lipton in the US should be doing better. The North Amreican contribution to trading profits is expected to be up strongly on the £30m in the previous quarter to £50m.

The European contribution will almost certainly be a smaller part of the total trading profit expected and may even be a little down on the £126m posted in the second quarter. Overseas the low tea price has hit Brooke Bond and plantation profits are generally depressed.

TESCO'S first half profits, due to be announced on Wednesday, could well prove to have been held back by expansion costs and a slowing of the sales growth rate. City expectations are for around £40m compared with £30.3m.

Having finally stirred itself, Tesco, traditionally the lowest net margin maker among the supermarket majors, has still a long way to go before it catches up with the likes of J. Sainsbury. News on margin improvements in the interim statement will be eagerly awaited as the forecast is for this to rise to 3 per cent from the low 2.7 per cent posted in 1984-85.

The one for five rights issue in May raised £145m but this is considerably exceeded by the 1985-86 capital spending programme of £200m. However, the site finding arrangement with M & S should be continuing the cost of new locations.

Cash flow is not sufficient to fund the ambitious expansion plans which should see new openings of 500,000 sq ft this financial year so the rights money will be run down fairly quickly—although in these figures a positive interest contribution of around £3m is likely.

Results due next week

The quarterly reports for the composite insurance groups have been gloomy in recent years. However, the market is expecting more cheerful news next week in the statements if not in the figures when the three major US orientated composites report their nine month results—COMMERCIAL UNION and GENERAL ACCIDENT on Wednesday and ROYAL INSURANCE on Thursday.

Good third-quarter results are expected from all three groups which should overcome or go a long way towards overcoming the poor figures of the first six months, particularly the first quarter. The substantial rate increase which started a year ago in the US should now be coming through to the bottom line and the US improvement would have been substantial but for hurricane Gloria and others which are expected to cost each group around £8m-£12m.

Conditions are looking brighter in the UK following the wet summer—an ironic situation. But it should have dampened down subsidence claims. Fire losses are running at a much lower level than for the past couple of years. The problem in the UK is still motor insurance.

The biggest improvement is expected from CU—after all it fell the furthest, with around a pre-tax break even against last year's £30m loss. GA, backed by good US improvement should also at least double last year's pre-tax £5m. Royal, the company listed by the market with the greatest recovery potential, is still likely to linger behind last year's £7.5m.

LUCAS INDUSTRIES has given the City pleasant surprises with its last two sets of figures so it will be interesting to see whether it can manage the hat trick when it announces its results for the six months to July on Monday.

The two bright spots are expected to have been the aerospace division, showing a sharp rise in profits through volume growth and productivity improvements, and the overseas automotive division, showing good progress in most markets (a notable exception being the US). Overall, the consensus seems to be for £53m against £32.6m last time.

The market has grown accustomed to bad tidings from PLESSEY: this week's announcement that it had failed to win the contract to supply the US with a battlefield communications system was the latest example. The second quarter results, covering the period to September, are unlikely to do anything to dispel the aura of gloom when they are released on Thursday.

The main feature affecting the results will have been the performance of the telecommunications division, which continues to find itself in an uneasy gap between the run-down of the TXE4 and the introduction of System X. Meanwhile the effects of the strike at one of the main telecommunications plants which hit the first quarter results will have continued into the second quarter.

Elsewhere a generally flat performance is expected, although the performance of some divisions is difficult to predict because of tha lumpy incidence of deliveries. Forecasters are expecting between £30m and £40m for the quarter against £38.8m last time.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Barton Transport	Friday	—	15.0	—
Bellway	Friday	3.0	4.0	3.0
Bibby, J.	Tuesday	1.7	3.55	1.0
Lucas Industries	Monday	2.6	5.0	2.6
LWT	Thursday	0.86138	1.53862	5.1683
Majedie Investments	Tuesday	—	0.96	—
Microfilm Reprographics	Tuesday	0.5	1.0	0.5
Moss Advertising Group	Thursday	—	—	—
National Australia Bank	Thursday†	12.5	12.5	13.5
New Court Trust	Wednesday	4.125	10.125	4.125
Scottish National Trust	Tuesday	1.3	2.95	1.6
Smiths Industries	Wednesday	4.75	9.25	1.5
Somic	Friday	—	1.5	—
Yarrow	Tuesday	2.5	8.5	2.5
Wade Potteries	Wednesday	0.5	1.9	1.0
INTERIM DIVIDENDS				
Allied Irish Banks	Wednesday	4.5	5.0	
Amalgamated Financial Investments	Friday	—	—	
Amersham International	Monday	2.2	3.8	
Anglo American Coal Corporation	Tuesday	82.5	132.5	
Avana	Monday	4.5	6.75	
Black Arrow	Friday	1.5	2.7	
Brown Shipley Holdings	Wednesday	2.5	5.75	
Capital Gearing Trust	Friday	—	0.256	
Commercial Union	Wednesday†	—	—	
DOT Group	Tuesday	—	1.429	
De La Rue	Tuesday	5.25	21.75	
Delyn Packaging	Friday	1.0	1.5	
Ecclesiastical Insurance Office	Monday	—	—	
Ericsson (Telefonaktiebolaget L.M.)	Thursday‡	—	—	
External Investment Trust	Wednesday	5.5	6.5	
Foster, John	Thursday	0.5	2.5	
General Accident Fire and Life Assurance Corporation	Wednesday‡	—	—	
Goldberg, A.	Wednesday	0.5	0.5	
Great Portland Estates	Tuesday	1.0	5.0	
Hartwells Group	Friday	0.72003	1.57806	
Henderson Administration Group	Thursday	4.0	12.0	
Land Securities	Wednesday	2.6	5.53	
L.C.P. Holdings	Thursday	1.8	2.4	
London Trust	Wednesday	1.25	3.0	
Mitchell Somers	Thursday	1.6	1.75	
Moss, Robert	Thursday	0.9	2.1	
Novo Industries	Thursday‡	—	—	
Outwich Investment Trust	Monday	1.0	2.0	
Plantation Trust	Wednesday	—	—	
Plessey	Thursday	1.799	2.578	
Reed Publishing	Monday	—	—	
Regalian Properties	Wednesday	0.85	2.4	
Royal Insurance	Thursday‡	—	—	
Scantronic Holdings	Thursday	0.7	1.2	
Smallshaw, R (Knitwear)	Friday	0.75	1.75	
Staveley Industries	Thursday	4.5	11.0	
Tesco	Wednesday	1.75	3.1	
Ultramar	Wednesday‡	—	—	
Unilever	Tuesday‡	—	—	
Velor	Wednesday	1.235	3.385	

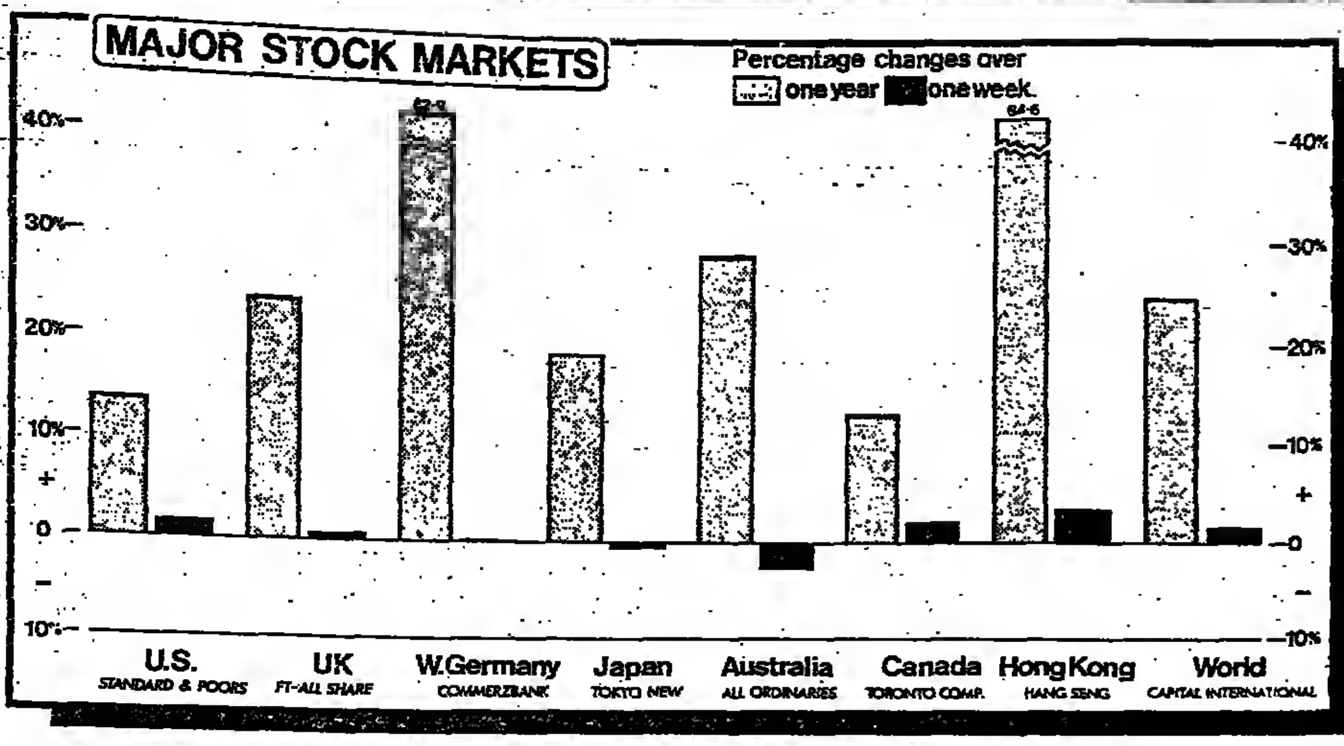
* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Third-quarter figures.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.75	5.83	4.58	3.33	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.88	8.12	6.38	4.64	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.66	8.85	6.95	5.06	half yearly	1	2,500 minimum	0
Schroder Wagg	8.22	8.54	6.71	4.88	monthly	1	2,500 minimum	0
Provincial Trust	8.78	9.14	7.18	5.22	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-86	10.55	7.94	6.52	5.11	half yearly	4	—	0
10% Treasury 1990	10.71	7.78	6.18	4.60	half yearly	4	—	0
10.25% Exchequer 1995	10.82	7.67	5.99	4.33	half yearly	4	—	0
3% Treasury 1987	8.80	7.79	7.19	6.60	half yearly	4	—	0
3% Treasury 1989	8.40	7.54	7.03	6.51	half yearly	4	—	0
Index-linked 1988¶	9.32	8.70	8.36	8.04	half yearly	3/4	—	0

* Lloyd's Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Financial Times Saturday November 9 1985



Belated upswing erases losses

AFTER a lacklustre year, the Stockholm Stock Exchange is starting to show signs of life. Shares on the Veckans Affarer index climbed by 4 per cent in October, and took another sharp climb last week to recover the years' losses and bring the total increase for 1985 to 8.2 per cent. Turnover reached record levels.

Among the strongest individual listings were AGA (the industrial gas group), Electrolux (the white goods maker), SKF (rolling bearings), and Fermenta, the fine chemicals and biotechnology concern which announced plans for a major US acquisition on Monday.

The reason most often cited by brokers for the upswing is the expectation of a cut in interest rates, still among the highest in Europe. Sweden has only recently seen the emergence of an active money market, which has had an important long-term effect on demand for shares

As Bengt Ryden, the Stock Exchange chief, puts it: "When you can get a 14 per cent return without taking a risk, it's difficult for any share to compete."

There are glimmerings of hope, however. Two weeks ago, the Government lowered the penalty rate on bank borrowing by one point to 14 per cent and market rates have since eased to 13.3 per cent.

Moreover, the powerful trades union council is calling for further cuts to ease corporate investment and stimulate employment in the lead-up to the crucial 1986 pay negotiations.

In another step, the Government last week introduced legislation to increase the ceiling on a tax subsidised savings plan for private households, hoping to stem the outflow expected early next year from various bank operated mutual funds when an earlier tax subsidised programme expires.

(The proportion of private shareholders to the total population is still relatively high in Sweden, but the value of these holdings has declined from 40 to about 20 per cent of the market's worth in the past decade due to worsening household economies and high taxes.)

The Government's post-election promise not to impose rumoured new taxes on share income also is cited as a factor behind the upswing while another is the continued net purchase of Swedish shares by foreign institutions, with particular interest being directed at Electrolux, SKF and Skandia.

Institutional investors—insurance companies, pension and mutual funds as well as foundations—remain the dominant force on the market. This is reflected in the change in trading patterns in recent months: only 10 per cent of all turnover now is being concluded at auction on the stock exchange floor. The remaining deals are being struck after hours or outside the exchange altogether between brokers and members.

"Most transactions used to be carried out on th eauction market in the building," says Mr Ryden.

Stockholm

"The recent expansion in after-hours transactions is an indication of the growth of bloc deals and the importance of big institutions."

This reflects a broader change in the once-orderly Swedish financail and industrial scene, marked by a continued jockeying for position in the post shake-out power constellation. "Until 1980, Stockholm was very much a market for dividends. Today, it is a market for power," Mr Ryden says.

Following a series of highly publicised power battles, not least last year, the old power centre represented by the Wallenberg family already has been eclipsed partially by the emergence of corporate giants like Volvo and Skanska as major financial forces in their own right, and by entrepreneurial (and relative) newcomers like Erik Penser and Anders Wall.

The restructuring has led to a series of highly complex and controversial network ownership structures within the various power "spheres," often motivated as much by pure financial or defensive considerations as by industrial logic.

Early this month, Saba, the large retail and wholesale trading group associated with Mr Penser, bid to take over the 70 per cent stake in the Carnegie investment house held by his two holding companies. The primary aim of this reshuffle of assets was to allow the Penser sphere to reduce its heavy debt service burden.

The extent to which corporate ownership has been locked into network holdings has aroused criticism from the Press and political establishment. "When there is very little of total capital open for trading on the market," says Mr Ryden, "it is very easy for any actor to go in and drive the prices up or down. The markets get too thin."

Indeed, the Government has appointed a committee to look into the practice, in a clear warning signal to limit this practice. But Mr Ryden adds: "I'm not 100 per cent optimistic about the possibility of solving this through self-regulation.

"There is a very clear awareness of the importance of self-regulation because of the political risks. On the other hand, people who find themselves in danger of being taken over . . ."

David Brown

Fear factor falls

JUST seven weeks after dipping below the 1300 level, the Dow Jones Industrial Average marched through the 1400 barrier this week. But the move was more restrained than on earlier occasions when the index has entered new high ground.

Back in May, when the Dow first broke above 1300 after months of trying, the index surged by 19½ points celebrating a half-point cut in the US discount rate. This time round, the movement was more subdued. Since mid-October, the Dow has been hitting new highs and it continued its course for much of this week, the only difference being that it moved above the eye-catching 1400 to 1403.44 on Wednesday, with a rise of 6.77 points.

While professional investors do not attach any particular significance to the 1400 level, it is the sort of round number that invites a reassessment of the stock market's prospects.

While US equities have done much better in 1985 than 1984—with the overall market up by around 15 per cent so far—the recent rise in equity prices has been far more patchy than might have been expected from a cursory inspection of the Dow's behaviour. A handful of Dow stocks—including the recent newcomer to the Index, the McDonald's hamburger chain—are trading at record highs, but shares of blue chips like General Motors and IBM are well down from their peaks.

Back in May, when the index first moved above 1300, more than a quarter of the shares traded on the New York Stock Exchange hit new peaks. This week, the number of shares touching new highs was far less and the broader stock market indicators are still well short of their mid-July records.

Wall Street

Indeed, the New York Exchange Composite Index, which had risen by 15.3 per cent in the first six months of this year, is virtually unchanged on its end-June level of 111.11 while the Dow is up by more than 60 points. The Dow Jones Transport Index, another closely watched barometer of the market's health, is nearly 4 per cent below its July peak and the Nasdaq Composite Index, which tracks the fortunes of the sticks in the over-the-counter market, remains close to 10 per cent below its June 1983 peak. Its performance has been hit particularly by the collapse in the share prices of some former high-flying technology stocks.

The promise of lower interest rates has spurred the US credit markets over the past fortnight and long bond yields have dropped more than 30 basis points to under 10.2 per cent. The third-quarter corporate profit picture was not as bad as expected, with after-tax profits down by about 8 per cent. These factors, together with some better news on the US economy, have "reduced the fear factor in the equity market," according to Smith Barney's Frank Mastrapasqua.

The present bull market dates back to mid-1982 when the Fed moved to bring down interest rates to head off the Third World debt crisis. A couple of months before the Dow touched a low point of 776.92 on August 12, bank prime rates were standing at 16½ per cent and long term government paper was yielding more than 14 per cent.

Today, prime rates are 7 percentage points lower and long term bond yields are around 400 basis points down. But while there may be room for a further easing or rates, the scope is limited in the view of many analysts and the overall mood of the equity market, with one or two exceptions, is cautious. After a 100 point climb in seven weeks, most professionals are expecting a pause for breath and perhaps some correction.

One reason cited for the recent rise in the stock market is that the US economy might be growing faster than people think, which would fuel corporate profits next year. This week, for example, Dun and Bradstreet's corporate economist forecast that the economy would grow by 3.7 per cent in 1986, noticeably faster than in the present year.

Not everyone shares this view including Larry Tisch, the chairman of Loews Corporation; the New York-based cigarettes to hotels and insurance conglomerate which this week reported an 83 per cent jump in third-quarter net income to $1.79 per share.

Mr Tisch has "mixed emotions" about the stock market. He is pessimistic about the US budget deficit over the next few years but says that with the sizeable retirement of stock, the supply demand equation for equities "could be very bullish." He believes that the US economy will grow by around 2 per cent next year.

MONDAY	1389.68	−0.37
TUESDAY	1396.67	+6.99
WEDNESDAY	1403.44	+6.77
THURSDAY	1399.54	−3.90

William Hall

Luck of the Irish

THERE really is gold in them thar hills—at least, there is in the Sperrin Mountains of County Tyrone. It is here that the Northgate Exploration group's Ennex International has been busily exploring its Curraghinalt gold prospect. This week Ennex has come up with the right answers.

It's not another Klondike, to be sure, as Andy Meldrum, the director of mineral exploration, has been at some pains to point out. Nor can it yet be said for certain that the gold-bearing veins discovered at the Northern Ireland property contain sufficient material to justify a mining operation.

Still, 26 out of 28 drill holes have hit gold and the average grade of these intersections comes out a a good 0.27 ozs, or 8.4 grammes, per short ton of ore contained in the veins, which are more than 5 ft thick. Although he does not say so, Meldrum will be very surprised if he does not have a payable gold mine on his hands.

It may not be all that large, but it could be a money spinner. The gold grade is good and costs are likely to be modest because only shallow underground workings may be needed; indeed, some mining could be done by the even cheaper open-pit methods. We should know more in about a month.

The news is a comfort for patient shareholders of Ennex. In June last year, the shares were offered to an unreceptive public at 41p. Most of the shares were left with the underwriters and, on the first day of dealings, the price dropped to 25p. It is now around 30p.

In a sense, there is a touch of the luck of the Irish as far as London's Consolidated Gold Fields is concerned because Rudolph Agnew, the chairman, hails from the Emerald Isle, as he mentioned at Thursday's annual meeting. He also commented on the news that Gold Fields has been lucky in its latest US gold exploration.

Mining

The group has found at least 22m tons of gold ore with a grade of 2.8 grammes at its Chimney prospect at Humbolt County, Nevada. It is a nice find, being shallow enough to be worked by open-pit and with no metallurgical problems. Mining could start in 1988 at an annual rate of 5 tonnes of gold over a 10-year life.

For years, the mainstay of Gold Fields' income has been South African gold, which last year provided more than 35 per cent of group pre-tax profits. But Gold Fields is expanding into other gold areas; and before the end of this decade over a third of its total gold output will come from countries outside the Republic.

Once again, Agnew told shareholders that Gold Fields is determined to stick to the mining business despite the present weakness of prices that is hitting the base metal operations. He does not pretend that the picture will change much in the near term but, like Rio Tinto-Zinc, his group is prepared to spend money on creating new resources for the brighter long-term future.

Having received an unchanged dividend for the fifth year, shareholders seem to take the same philosophical view. Their patience may yet be well rewarded and I thought they looked happy enough as they trooped from the meeting into an ante-room for their drinks.

Now to something new for something old. We go to South Africa's Central Rand where the veteran mine of East Rand Proprietary Mines has been producing gold since 1908. In recent years, however, it has been a struggle in financial terms.

But—hey presto!—the Good Fairy (in a sense, you understand) has waved her wand and told ERPM that in the unmined south-eastern area of the property there lies a glorious crock of gold.

To be sure it is in the form of some 34m tonnes of ore with a payable average grade of about 5 grammes gold per tonne; and there is the little matter to be solved of getting it out.

Still, if it is mined—and it will be—why, then, the old ERPM has another 50 years of life in which to produce all of 850 tonnes of gold.

This is more than the output for one year of South Africa, the US and Canada combined. So ERPM is going ahead with the new shaft system needed to mine the bonanza.

It will cost some R[illegible]m (£73m) over the next five years and most of the money will come from South African Government-guaranteed loans, but shareholders will be offered a R50m rights issue and can expect dividends to be resumed in 1989. A fascinating game, mining, is it not?

Kenneth Marston

Queen's Speech

More goodies coming

THE GOVERNMENT'S pledge in the Queen's Speech at the opening of Parliament this week "to pursue vigorously" its programme of selling publicly-owned assets means that savers and investors are going to have a wide range of "goodies" to choose from in the months ahead.

British Gas was highlighted by the Government as an example of how it planned to continue encouraging wider share ownership, but there are plenty more in the pipeline.

Next on the list for sale is the Government's remaining 23 per cent stake in Cable & Wireless. At current prices this would raise nearly £600m, exceeding the total of some £480m from the sale of the first two tranches. The sale of the 49 per cent stake, in November 1981, fetched only £224m; since then the share price has surged from 112p to over 600p.

A complicating factor however, is that Cable & Wireless are planning a one-for-eight rights issue of 56.4m new shares at the same time as the Government sells its final holding, probably in December.

The sale of the Trustee Savings Bank has been fixed for February and is expected to swallow up another £1bn of investment funds.

The third call for British Telecom shares scheduled for April 8, just after the start of the 1986-87 fiscal year, is likely to absorb another £1.2bn.

British Airways is forecast to take off on the privatisation path with a £1bn offer in May or June next year to be followed in the autumn by the biggest of them all—British Gas, which may raise as much aa £8bn staggered over three years.

Also waiting in the wings are British Airports, Royal Ordnance, British Shipbuilders, National Bus, Unipart, and British Nuclear Fuels.

The Government has promised not to dispose of its remaining 49 per cent of British Telecom stock before April 1988—a key date, June 1988 is the latest time for a general election to be held.

The generous giveaway to investors in British Telecom may not be repeated with other offers. But you should bear in mind that the next year or so is going to provide even more opportunities to buy public assets as the privatisation programme gathers steam.

Personal pensions

HOPES OF making everyone a little capitalist are likely to be furthered in the Government's plans to reform the UK pensions system, outlined in the Queen's Speech.

The proposals, outlined by Social Services Secretary Mr Norman Fowler in the Green Paper isued in June, have received a rough reception all round.

While the criticism may have made Mr Fowler rethink his plans to phase out the State Earnings-Related Pension Scheme (SERPS) at least for the time being, they have not changed his resolve to introduce personal peosions.

In a speech this week at the biennial dinner of the Society of Pension Consultants, Mr Fowler reaffirmed in no uncertain terms the government's objective to give employees a wider choice and a grealer personal involvement in saviog for their own pension.

To this end he announced the ending of the monopoly of life companies in providing individual pension contracts.

Offering pension contracts is just one new power that the building societies will be taking on. A bill, based on last summer's Green Paper, will allow them to offer cheque books, make unsecured personal loans, buy estate agents, and offer a wider range of investment and insurance products.

Finally, the Government will be introducing a comprehensive framework of investor protection and City regulation through a system of Self-Regulatory Organisations (SROs) under the control of a central board answerable to the Secretary of State for Trade and Industry and the Bank of England.

John Edwards
Eric Short

IN THE NEWS

AN INCOME from the world's strongest economy is the slogan being used to promote Prolific Unit Trust's latest offering—the American Income Trust. The group's investment managers say they are aware that they are taking something of a contrary view but they are optimistic about the prospects for the US stock market.

Alan Torry, who will manage the new trust, cites the weakening dollar as the principal reason for his optimism. He believes a lower dollar will give a significant boost to the profitability of US companies and that having lagged behind other world markets in recent years, Wall Street is set for a good run.

To try to prevent the trust from losing the benefit of higher share values in New York (if they materialise) Prolific plans to hedge around 70 per cent against the effect of a weaker dollar on the unit price. It will, therefore, be in the ironic position of protecting investors against something it expects, and wants, to happen.

The group says an initial yield of 5-5½ per cent is expected. This is at the lower end of the range, compared with other US income funds yielding between 5 and 8 per cent, but it is claimed this will allow greater flexibility and hence better growth prospects.

The bulk of the portfolio (80 per cent) will be invested in ordinary shares and convertibles primarily in the US with a small proportion in Canadian companies. The group points out that the decline in corporation tax, started in the 1984 Budget, is working in its favour with the UK tax chargeable on unit trust income from overseas investments falling to 40 per cent this year and 35 per cent in 1986-87.

This improved tax treatment, of course, applies to all overseas unit trusts, not just North America. You have to decide whether you share Prolific's optimism that a weaker dollar, and lower inflation rates, will really bolster the US economy.

The offer opens this weekend with the first dealings on Monday and the price of units will be fixed at 50p each until November 22. Minimum investment is £500; there is a front load charge of 5 per cent and annual charge of 1 per cent. Units can be bought by telephone in London (01-247 7544), or in Kendal (0539 23415). Full details from Prolific, Stramongate, Kendal, Cumbria or through intermediates.

•

ABBEY UNIT TRUST Managers have reintroduced their monthly savings scheme, linked to the new "fund of funds" Master Trust which invests in other Abbey unit trusts.

Earlier efforts to launch savings schemes have had limited success, but Abbey feels that the link with the Master Trust fund, with its international coverage, may have more appeal.

The minimum investment is £25 a month. There is no additional front end loading apart from the normal 5 per cent initial charge.

•

AN AUTHORISED unit trust specialising in small companies in Australia and New Zealand has been launched by N. M. Rothschild Asset Management. During the initial offer period up to November 25, the units will cost 50p each with a discount of 1 per cent. Minimum investment is £500.

Since the fund's objective is capital growth, the estimated yield is just 0.1 per cent a year.

Rothschild says the new trust, called the New Court Smaller Australian Companies Fund, will continue the group's basic philosophy of investing in small companies rather than large corporations.

It believes there is considerably more scope for profit potential from small and growing companies, especially in Australasia where Rothschild claims there are many opportunities overlooked by most international investors.

The group emphasises that, unlike other Australasian unit trusts which have performed patchily (to say the least), it will not be concentrating on natural resources companies. Indeed, it will deliberately avoid doing so and will seek to commit less than 10 per cent of the investment portfolio in natural resource companies.

Your homme d'affaires

STOCKBROKERS Capel-Cure Myers is aiming for the top end of the market with a new unit trust service with a minimum investment of £50,000. The Master Portfolio is an ordinary unit trust, but with a lower than usual initial charge and an individual manager looking after your financial affairs, besides the usual fund manager. Capel-Cure describes this manager as your "homme d'affaires."

Alongside the unit trust, Capel-Cure will run a "satellite portfolio" including, for instance, gilts or shares in which you personally are interested.

The firm's objective is to be a personal financial management service, but with the bulk of your investments pooled into a single unit trust.

The initial charge is a maximum of 1.5 per cent, and this will be reduced for investors putting in over £75,000. Investors with over £125,000 are likely to find that the initial fee is waived ontirely. Tho annual charge is 1 per cent.

Interest rates

Societies play leap-frog

INVESTORS have not suffered nearly as hadly as they might have expected to when building societies began to reduce their rates in September. Then the ordinary share rate was cut by 1.25 percentage points, and the expectation was that tha higher interest accounts would be cut hy even more.

In the event the rednction on these accounts was far less, and many societies delayed their reduction.

Since then there has been a flurry of interest rate leap-frogging, particularly on instant access accounts, all to the advantage of tha investor. As a result the interest reductions have averaged only ooe per cent, and as little as 0.85 per cent on some of the popular instant access accounts.

At the same time the premium which societies are now paying on their three months notice accounts is almost twice the level of only 18 months ago — 3.48 percentage points above the ordinary share rate against 1.82 percentage points in April 1984.

As a result building societies are currently offering better returns to investors than those being paid on most of the products of either of their two main competitors — the hanks and National Savings. The main exceptions are a few of the high interest chequa book accounts with Citibank's Money Market Plus offering by far the best return of 10.0 per cent net CAR on balances of £1,000 and over.

The other two, which give a better return than most societies for similar balances, are the Co-operative Bank Cheque and Save account paying 9.33 per cent net CAR on balances of over £2,500, and Provincial Trust paying 9.15 on balances of £1,000 and over.

The interest rate battle has quietened down, helped hy the fact that societies managed to attract more funds from investors last month: around £750m against just under £600m in September. Bot some societies are still coming up with better offers, and this is likely to continne in the pre-Christmas spending months when societies have more difficulty in attracting savers. The called-off merger hetween the Nationwide and the Woolwich societies, which bad been co-ordinating their investmcot products, may also spark off a new round of competition.

Among the major societies the Alliance & Leicester, whose merger has just been completed, has followed other societies in introduciog tiered rates on their instant access accounts. Their Gold Plus Account, which pays 9.75 per cent net CAR, will now pay a new rate of 9.25 per ceot net CAR on balances of £2,500 and over.

This account, which replaces the Gold acconnts offered hy the two societies prior to their merger, offers a better return in the £2,500 to £5,000 bracket than any of the other 12 major societies except for Bradford & Bingley, which pays 9.50 per ceot on balances of £1,000 and over. You need £1,000 to open this account, however, compared with £500 at the Alliance and Leicester.

There is also the drawback that if you make more than two withdrawals a year you lose your interest premium for the whole of that year, so that you would earn only 7.0 per cent instead of 9.50 per cent on the whole of your balance. However, following criticism in these pages, Bradford & Bingley has at least withdrawn the penalty which reduced the return to the ordinary share rate in the year in which an account is closed.

National and Provincial has also improved the return on the higher tier of its instant access Money Management account by a quarter of a percentage point. This now pays 9.5 per cent on balances of £5,000 and over and 9 per cent on balances hetween £500 and £5,000.

But as usual you can get better returns from some of the medium-sized and smaller societies. For the smaller investor, Building Society Choice selects Property Owners High Interest Bond which pays 9.52 per cent net CAR on a minimum balance of £500, with instant acecss, rising to 9.62 per cent net if you opt for monthly income. Next hest in this category, all offering a return of 9.46 per cent net on the same minimum balance, are Bolton Extra-Ordinary Shares, Saffron Walden and Essex Cashbuild, and Teachers Bullion shares.

The hest return of 9.99 per cent on balances of between £2,000 and £20,000 is offered hy Peckham Super shares and Metrogas Super Saver shares; hut to withdraw your last £2,000 you have to give three months' notice to get penalty-free access.

Bolton Extra-Ordinary Shares pay a slightly lower rate of 9.83 per cent net but although you will only earn the ordinary share rate of 7 per cent on balances below £2,000, you will still have instant access.

Unless you take a monthly income option the hest return of 10.04 per cent net on balances of between £10,000 and £20,000 is offered hy Ipswich Bonus but you have to keep £5,000 in the account to maintain instant access without penalty and you can only make additional investments in amounts of £500. Next best, and without restrictions, is Property Owners High Interest Bonda paying 9.99 per cent net. Bolton Extra-Ordinary Shares offer the hest return of 10.36 per cent on balances of over £20,000.

If you are prepared to lock your money away for longer, then Blackheath Black Diamond Share pays 10.34 per cent net on balances of £10,000 and over if you give one month's notice. This is slightly less than you would get on the Bolton Extra-Ordinary instant access account.

If you can leave your funds invested for three months then Bolton Three Month Shares and Property Owners 2 Year Bond will both pay 10.51 per cetn on balances of £10,000 and over. Chatham Reliance Highter Interest, paying 10.31 per cent net, is the best buy for those with only £2,500 to invest.

Margaret Hughes

• FINANCE & THE FAMILY •

National Savings

Bond needs care

MONTHLY INCOME proofed against inflation—the combination sounds like the answer to every pensioner's prayers. But National Savings' new Indexed-Income Bond, which goes on sale from Monday is an investment to be treated with considerable caution. While income payments rise in line with the Retail Price Index, the cash value of the bond stays the same, so your capital is vulnerable to inflation and the total return is disappointing.

The bond will be sold in multiples of £1,000, with a minimum investment of £5,000 and a maximum of £50,000. For the first 12 months after buying the bond you will receive 8 per cent interest. With income paid monthly, this is equivalent to a compound annual rate of 8.30 per cent.

At the end of each year, this income is increased by the amount the Retail Prices Index has increased. The inflation-proofed income is guaranteed for 10 years. Income is paid without deducting any tax in advance, but it is liable to income tax at your own rate.

Bonds may be cashed in at any time during their ten-year life if you give three months notice. There is no penalty for cashing in early, so long as you hold the bonds for at least one year.

National Savings has moved into an area of the market unfilled by any other investment products; the new bond's peculiarities make direct comparisons difficult. Its competitors—some of them National Savings products also—include:

● National Savings Index-linked certificates. Those offer a return of 3.54 per cent on top of the inflation rate over five years.

They produce capital appreciation, rather than paying income, although you could cash in certificates each year to produce income. The gains are entirely tax-free.

● Index-linked gilts. These Government securities, which may be bought through a stockbroker or the Post Office, pay a relatively low income which rises in line with inflation. Their capital value, however, is also index-linked. The income is taxable, but there is no tax on the increase in capital value. The overall return compares very favourably to the National Savings bond, whatever the rate of inflation.

● Conventional gilts. Like index-linked gilts, they may be bought through stockbrokers or the Post Office.

Income payments are higher, but the capital value is not index-linked. You can lock in an overall rate of return, but the amount paid as income over the life of the bond, and the amount received on its maturity as capital gain, will depend on which gilt you choose.

● National Savings Income Bonds. These now pay 12 per cent interest, equivalent to 12.68 per cent compounded. They are liable to income tax. The rate may be moved up or down whenever National Savings decides, so your income is not guaranteed for future years.

None of these offer precisely the same as the indexed-income bond: a regular income proofed against inflation. But would-be purchasers should look not only at income, but also at the capital value of their investment, and consider whether the total return obtainable might not be better elsewhere.

If inflation runs at 5 per cent over the next 10 years, the bond will give a total return of 7.07 per cent per annum to a basic rate taxpayer, according to calculations by stockbrokers Phillips & Drew.

This compares to a total return to the basic rate taxpayer of 7.69 per cent per cent from a conventional gilt —Treasury 9 per cent 1994, for example, or 8.36 per cent from the 1996 Index-linked gilt.

For the non-taxpayer, the new National Savings bond returns 10.12 per cent gross, compared to 11.14 per cent from a conventional gilt like Treasury 12 per cent 1995—although if inflation runs above 5 per cent per annum the comparison will be more favourable to the bond.

These returns are not high enough to be really attractive, unless you are worried that inflation will rise above its present levels, but not worried about the value of your capital at the end of the bond's 10 year life—whether it is you or your heirs that receive it.

If you are tempted by the indexed-income bond, you could try teaming it with an investment to safeguard your capital, such as an index-linked gilt. At the end of 10 years, you could use the capital gain on the gilt to top up the value for the next 10 years.

George Graham

Under the rainbow

ARE YOU wasting your money by going into the cash fund part of investment bonds, like the recent Eagle Star rainbow bond offer? Yes, according to Peter Hargreaves of Bristol-based security dealers, Hargreaves Lansdown.

He claims investors are being badly advised to allocate any of their portfolio to the cash fund of an investment bond at the outset since it, in effect, means paying 5 per cent of their capital to go into an uncompetitive way of investing cash.

Mr Hargreaves says investment bonds are fundamentally vehicles for going into equities. Those wanting to put their money into cash would be wiser to go elsewhere. Higher rate taxpayers would do better to invest in a low coupon gilt-edged security or National Savings Certificates. Basic rate taxpayers, he argues, only pay tax at a composite rate of just over 25 per cent on deposits in building societies or banks, while the investment bond they could be liable to as much as 37.5 per cent. This is a gap of 12.5 per cent tax disadvantage that it would be difficult to bridge even with the best management of cash.

Mr Tony Russell, general manager of Eagle Star, concedes that there is a tax disadvantage (although not of 12.5 per cent since insurance companies can deduct expenses from the 37.5 per cent tax charged on unfranked income). However, he said this was a narrow approach. The cash fund was only one part of the rainbow. Eagle Star is offering four different funds identified by colours—violet for security (the cash fund); blue for blue-chip stocks and gilts; yellow for growth stocks; and red for more adventurous investments with higher risk.

Mr Russell said the cash fund, which was far more flexible than a building society or bank deposit investment, was viewed essentially as a springboard or a place of retreat. The ability to switch, free once a year and at a small charge for more frequent changes, gave the investor the chance to "paint his own rainbow" based on changing individual needs.

Investors nervous about the equity market prospects, or anxious to conserve past profits made, could switch into the cash fund when they wanted.

Bill McClure, marketing manager of Scottish Equitable, whose recent single premium bond attracted over £100m, also defended the inclusion of a cash fund. He said they were not looking for cash fund investments. It was a vehicle for use by investors wanting to change strategies, or to provide a temporary home for the managed fund. He estimated that less than 1 per cent of the £100m invested had gone into the cash fund.

John Edwards

Business expansion schemes

Emergency offer

WESTMINSTER City Council's well-publicised efforts to get a Nigerian family out of temporary £1,400-a-week hotel accommodation and on to a Lagos-bound aircraft has again drawn attention to the problematical, and pricey, world of bed and breakfast accommodation for the homeless.

Now Johnson Fry, the licensed dealer and investment adviser, which has sponsored a string of Business Expansion Scheme companies, embracing everything from classic wines to house conversions, is underwriting a venture financed by BES, to own and run hotels providing emergency accommodation for London's homeless.

The business might not immediately strike potential investors as a particularly attractive area in which to sink cash. But there is clearly enormous need for the provision of emergency hotel accommodation — more than 3,000 London families live in it; Westminster alone spent £1.3m last year in putting up such families. The majority of occupants are young families on council waiting lists, or unable to find accommodation in the private sector.

Park Hotels is seeking £1m from subscribers prepared to back a business intended to help meet the demand, by running hotels offering high standards of accommodation at reasonable prices. The first hotel, The Town House, on West Cromwell Road, is already being purchased for £1.3m. It will provide 47 bedrooms, 40 of which have en suite bathrooms or shower cubicles.

The company, to be run jointly by two former senior housing officers who worked for Hackney and Camden councils, and chaired by Mr Peter Laister, a former chairman of Thorn-EMI, will abide by a self-imposed code of practice which sets minimum space, lighting, heating and safety standards for its hotels.

Charles Fry of Johnson Fry is anxious to stamp on any suggestion that the company is merely keen to cash in on the plight of the underprivileged. "BES offers are regularly criticised for the tax relief given to asset-backed ventures. Here is a BES company, run by two experienced people, which fulfils a very real social need and provides an attractive investment for subscribers."

Park Hotels is confident that occupancy levels in its hotels will be 100 per cent. This and the use of freehold property only, should make the project a safe money-spinner.

The company wants to dispel suggestions that local authorities will be paying outrageous rents in order to ensure its high returns. Rates at The Town House will range from between £12 and £18 a night for a single bedroom, with charges for a double running from £25 to £40 a night. Early sums suggest that, given 85 per cent occupancy, turnover from the first hotel will reach nearly £400,000 a year and net profit before tax will be about £190,000 in a full year.

Mr Fry says: "There are enough examples of councils being forced to choose between putting people in rat-holes or West End hotels at £125 a night to underline the need for what Park will be offering."

Investors with a minimum subscription of £3,000 must apply before December 5. The offer clearly provides an opportunity for reasonable, tax-efficient returns and investors can take some comfort from the knowledge that their company should be providing badly needed accommodation of a decent standard. Why the demand exists and whether or not it should be left to the satisfied in this way is a separate issue.

Michael Cassell

Caryl Walker (left) and Nicholas Bagshawe in their gallery beside "The Misses Herbert" by Heywood Hardy

Viewable assets

INVESTORS who like visible assets should be attracted to one of the latest business expansion schemes seeking to raise £450,000 to buy paintings. Walker Bagshawe, fine art specialists, has already opened a gallery at 73, Walton St, London, SW3, and prospective investors are welcome to visit it and meet the management.

The prospectus, quite properly, underlines the high degree of risk involved in the art market, where fashions and taste change over a period. But the company claims that its chosen specialist field—late 19th and early 20th century British paintings—is the most buoyant sector at present.

The executive directors, Caryl Walker and Nicholas Bagshawe, have made a particular speciality in this sector and, to demonstrate their faith in the project, have put £50,000 in the business.

They are to be paid £15,000 a year each, plus 7.5 per cent of excess profits before tax over £10,000. Their expertise is considered so vital to the company's success that insurance policies with a minimum of £100,000 on their lives are being taken out.

They are backed by two non-executive directors from the sponsoring company, financial consultant Douglas Deakin Young. One is Louise Botting, best known as presenter of the BBC Moneybox programme, who is chairman of the new company, and the other is her colleague, Alan Warner.

They claim to have kept the costs of the issue remarkably low at £11,000, but the cost of establishing and fitting the gallery is £52,000. It is planned to invest 75 per cent of the working capital in paintings during the first year.

Minimum investment of £1,500 is required. Altogether, 450,000 shares of £1 each are being offered, closing on November 29. Details from Douglas Deakin Young, 18 Pall Mall, London SW1 (839-3921).

John Edwards

FINANCE & THE FAMILY

Stock market reform

Hope for private clients

BIG BANG, the revolution in the structure and rules of the Stock Exchange planned for next year, will bring an end to the official scale of minimum commission charges for stock market dealings. The result is expected to be much cheaper dealing for the big institutiooal investors such as insurance companies, and pension funds.

Many private investors, however, fear that they will end up paying more than their present 1.65 per cent minimum commission to stock brokers for the same level of service.

However, outside the Stock Exchange, developments are already taking place which suggest that commission rates for private clients may fall. One dealer in the over-the-counter market — an informal group of dealers that does not come under the regulatory auspices of the Stock Exchange itself — plans to offer a brokerage service in a number of leading shares for a commission of 1 per cent, including VAT. It will include shares such as ICI and GEC.

General & Overseas Trust has in the past traded in some small OTC company shares as a principal. That is, it holds the shares itself and makes a profit on the margin between buying and selling prices.

In future it will leave this role mainly to Prior Harwin Securities, a leading OTC dealer with which it has formed a link. General & Overseas will ceotrate on acting as an agent for clients, buying and selling for them wherever the best prices are available, and making its profit as a percentage commission. Because it is not a member of the Stock Exchange it does not have to wait until next year to cut commissions, and it can deal through a number of market-makers outside the exchange.

These inalode merchant banks such as Robert Fleming and EBC Amro, who deal in certain shares for institutional clients, as well as the specialised OTC dealers like Prior Harwin and Harvard Securities.

These groups have forestalled the Stock Exchange's reforms, but other financial groups that have bought stockbrokers will be able to carry on business in the same way next year. Brokers dealing on behalf of their clients will have to check with a number of these dealers to make sure that they are obtaining the best price for a particular share.

For a £5,000 share purchase, General & Overseas' commission of 1 per cent includiog VAT would save you £44.88 compared

with the present Stock Exchange rate of 1.65 per cent, plus VAT.

The Stock Exchange has traditionally separated the two capacities of principal — the stock jobber; and agent — the stockbroker. Next year's changes, however, will allow Stock Exchange member firms to adopt a dual capacity of both agent and principal. General & Overseas and Prior Harwin, by contrast, are moving to separate the two capacities.

"The way the Stock Exchange is going towards dual capacity is not necessarily the the right way to go," said Tony Prior, of Prior Harwio. "We find it very difficult as a market maker to give advice at the same time as hold a position in a stock."

The over-the-counter market is made up of many markets, linked by telephone — and very loosely controlled. Next year's changes in the City will also bring a greater degree of regulation to the OTC market. Two bodies, the National Association of Security Dealers and Investment Managers (Nasdim) and the British Institute of Dealers in Securities (Bids) hove applied for recognition as "investment exchanges" and "self-regulatory organisations." This recognition would empower them to police dealers and to organise a market.

Nasidim this month published its draft rules governing the OTC market; and these may help investors who have found in the past that investing on the OTC market meant buying shares in small, speculative companies, with very little information, aod little chance of selling if the company's share price started to fall.

The Nasdim rules cover the informatioo that companies must provide in their prospectuses when they first join an OTC market, and the information they must continue to provide to investors as long as their shares are traded. They also regulate the capital backing that a dealing company must have before it can make a market in its shares.

Bids also lays down information requirements, in the form of a draft listing agreement that must be signed between a company and the market-maker for its shares, and imposes a code of conduct on its members.

This includes the requirement that a member may take either commission on a share sale, or a profit on the margin between buying and selling price — the "turo"

George Graham

Contents insurance

Rates set to climb in the new year

HOUSEHOLDERS can expect a severe shock in the new year over the cost of insuring their homes. All the leading insurance companies are poised to iocrease their premium rates by 12.5 per cent. Some have already decided when to make the increase. General Accident is to introduce the higher charges at the beginning of next month while Sun Alliance and Guardian Royal Exchange (GRE) will bring them in from January 1.

Householders are used to facing rises in house insurance premiums each year hroadly in line with inflation, since the sums insured, and hence the premiums, are linked to rises in rebuilding costs. But the premium rates for buildings have been remarkably stable over the past few years.

However, a warning of higher charges ahead came earlier this year when several insurance groups increased their premium rates for buildings from £1.50 to £1.60 per £1,000 sum insured in the rebuilding value of the house. This 6 per cent increase would have hardly been worth the trouble had not iosurance companies also indicated that larger increases were on the way.

Those increases are on the way—a rise to £1.80 per £1,000 sum insured for standard contracts and to £2.10 per £1,000 if accidental damage cover is included. The rate for GRE's cootracts is £1.75 per £1,000 because its policies have an automatic £20 excess—that is the householder meets the first £20 of any claim.

Insurance companies say they have been forced to raise premiums because they are losing money at an increasing rate on their property accounts. The explanation is two-fold. The first is the notorious British weather. Underwriters have assessed their rates on the assumption that British winters were mild and damp and summers were warmer and wet. The weather patterns over the past decade have shattered this assumption.

Now winters are either stormy, blowing off roofs, or bitterly cold — freezing the water systems in bouses, or both. Add the occasional coastal and river floods and the result is that insurance companies are paying out substantial amounts each winter, and adverse weather damage cost £200m in 1984-84 followed by £175m last winter.

Secondly, despite the evidence this year, summers have been getting drier, if not sunnier. Prolonged dry spells are now becoming more frequent, starting with the notorious drought in the summer of 1976. Subsidence claims, which insurance companies gave free in the early 1970s, are now costing the industry tens of millions of pounds each year.

How will this affect the householder whose insurance is due early next year? Consider a house valued at £40,000 and the insurance premium rising from £1.50 to £1.80 per £1,000. The annual rise is rebuilding costs is currently around 6 per cent. First of all the rise in rebuilding costs due from inflation would put the premiums up from £60 to £63.60. However, the increase in the rate of the premium from £1.50 to £1.80 would add a further £12.72 making a total of £76.32—a rise of 27 per cent.

Eric Short

Unit trusts

Hoping for growth from the minnows

PATIENCE appears to be a virtue for investors in small companies unit trusts. After a strong run in 1982-83, these funds have lost much of their glamour in the last two years as the stock market and particularly overseas buyers, concentrated on blue chip shares and big takeover candidates. But the policy of picking today's minnows and waiting for them to grow into tomorrow's big fish is upheld by the longer term record.

While the special situations and more speculative unit trusts have been heading the league tables in recent years, three of the top four UK growth funds in the five years to October are small companies trusts. And over seven years their dominance in performance is even more pronounced.

The recent poorer showing by these funds is a typical feature of the "frothy" end of a bull market, according to Britannia director Richard Bagge. "But the long term prospects of small companies are always better than bigger companies," he says. "It's a trend that has been going oo worldwide since the war."

With the pace of ecooomic growth slowing and the pound's recovery undermining the earnings of large exporters, several small companies fund managers believe they could be set for a renewed spurt—barring a hefty downturn in the market. As Nigel Thomas of Hill Samuel puts it: "Things are not going to get better or worse, just differeot, and small companies can thrive in that environment."

The logic behind punting on small compaoies is that since they account for only a narrow slice of their market—and are starting from a relatively low capital base—they have much greater scope to grow, whether organically or by acquisition (they are unlikely to attract the attentioo of the Monopolies Commission). Successful new products can revolutionise a small company's profits and share rating more quickly and dramatically than with a major industrial (witness the effect on Amstrad of its CPC464 personal computer); small companies can often adjust more flexibly to market conditions; and they often give their managers greater incentives.

Finally, though this is less so than five years ago, they are relatively underresearched by the City—so there should be a better chaoce of spotting "cheap" stocks.

Unfortunately, small companies have one drawback. Since they are traded fairly infrequently aod as often only 20-25 per cent of their equity has been issued, they can be difficult to buy and sell in significant quaotities. That is especially the case if the shares are unquoted or traded on the Unlisted Securities Market—trusts are allowed up to 25 per ceot of their assets in unlisted securities, with no more than 5 per cent unquoted.

The result is that fund managers must often shoulder wide dealing spreads on their shares, while unit prices on their trusts can fluctuate wildly over short periods as the underlying shares are traded.

Thin markets in small company shares can make life especially hard for the bigger trusts, which must follow Department of Trade rules limiting them to 10 per cent of a company's equity. They can be pushed into spreading a portfolio very widely, dissipating the poteotial impact of a high flier on the unit price. Barrington's £24m Smaller Companies fund, for example, has nearly 140 holdings. Since most of these managers stress stock selection, rather than correct sector weightings, too great ao inflow of money can hamper their efforts. And it may leave them with too many stocks to monitor.

Luckily, maoy of these funds take a flexible view of what constitutes a small company. Some will look at anything capitalised at under £100m—giving them pleoty of malo market candidates — while others, such as the two big Allied funds, will accept companies considered small in relation to their markets (that could be up to £150m in, say, the oil sector).

Size certainly helps determine investment strategy. The £20m-plus funds, inevitably lumbered with sizeable stakes, cannot trade as actively as their smaller and nippier cousins. "You cannot try to be clever and trade for quick turn," says Alex Lyle, manager of Allied Dunbar's £50m Smaller Companies fund. "It is necessary to have a longer term policy."

Many of Allied's largest holdings have been kept for four or five years (Rosehaugh, Home Charm and Lamont). But with more thao 100 stocks—and the biggest, Mount Charlotte Hotels, accounting for just 3½ per cent of the portfolio—performance has been steady rather than exciting.

TR Smaller Companies, in contrast, tends to invest 75 per cent of its portfolio for long term growth and trade the balance. This £5m fund heads the small company charts over the year to October with a 49 per cent gain. It has been helped by a relatively tight portfolio of 40 stocks, a winning streak from its largest holding TSL Thermal Syndicate (6 per cent of the fund), and a steady oet inflow of new cash that has allowed it to invest in fresh situations or go liquid without divesting elsewhere.

TR's manager, Paul Manduca, was recruited last November from Hill Samuel Smaller Companies, which is still the top fund of its type over two and three years. The Hill Samuel fund's new boss, Nigel Thomas, also escaped the sharp downturn in electronics stocks this summer, selling the fund's largest holding, CASE. Others were less fortunate, as the table shows, notably Buckmaster and Moore, which has dumped many of its high-tech shares, and the 3i/Target fund, which is staying faithful to the sector and waiting for a rerating.

Martin Winn

SMALL COMPANIES UNIT TRUSTS

	Fund size £m	Result of £1,000 invested over 5 yrs. £	3 yrs. £	1 yr. £
Aitken Hume Small Cos.	6.4	2,246	1,461	1,076
Allied Dun. Sm. Cos.	50.2	1,981	1,465	1,044
Allied Dun. 2nd Sm. Cos.	32.0	2,260	1,174	1,047
Arbuthnot Smaller Cos.	2.8	3,415	1,958	1,223
Barrington Smaller Cos.	24.4	2,672	2,136	1,198
Britannia Smaller Cos.	11.5	3,323	2,146	1,187
Buckmaster Smaller Cos.	1.0	—	1,456	889
County Bank Smaller Cos.	3.4	3,046	1,841	1,289
Gartmore UK Sm. Cos. Recov.	6.4	—	1,830	1,318
GRE Smaller Cos.	6.8	—	—	1,133
Hill Samuel Smaller Cos.	14.2	—	2,440	1,321
HBL Smaller Cos.	5.2	—	—	1,312
KB Smaller Cos.	7.2	2,244	1,662	1,075
Lloyds Bank Sm. Cos. Recov.	10.4	3,044	2,270	1,231
M & G Smaller Cos.	41.1	2,189	1,759	1,117
Midland Bank Sm. Cos.	4.7	—	—	1,152
Murray Smaller Cos.	6.1	—	1,974	1,207
New Court Smaller Cos.	13.8	2,132	1,487	1,061
Schroder Smaller Cos.	23.9	3,156	1,990	1,013
Tyndall Smaller Cos.	5.0	1,954	1,582	1,133
TR Smaller Cos.	4.7	—	—	1,491
Wardley Small Cos.	2.4	2,726	1,908	1,282
3i/Target Smaller Cos.	2.6	—	—	861

Figures to October 1. Offer to offer, net income reinvested.

Source: Money Management

Investing abroad

In Germany first stop is a bank

..l Ham launches a ..w series on overseas ..vestment opportunities

W..ST GERMAN stock markets are very much the flavour of the month with investment managers in the UK, especially those running unit trusts. Values reached record levels recently and the boom is expecied to continue.

In spite of the growth, private investors still account for less than 5 per cent of total share ownership in West Germany; the rest is taken up hy hig institutions and fund managers, mostly from abroad. Left cashless twice this century after the world wars, Germans tend to avoid the stock markets. There is, bowever, no reason for foreigners to do likewise.

In fact, two factors should encourage private foreign investment in West German shares. Outsiders are exempt from the 0.25 per cent sates tax charged by the Bonn Government on domestic share transactions; and, next year, the commissinn charge on buying and selling is expecied to come down from 0.1 per cent to 0.08 per cent.

Also, there bas been a flood of West German companies coming to the stock exchange for the first time—including well-known names like Porsche and ..dorf—against a hackground of impending privatisation by the Government.

The first step for the foreign private Investor into this thriving market is to a West German bank. They are the brokers in West Germany—no independent brokers or jobbers exist in the UK sense. The biggest are Deutsche Bank, Dresdner Bank and Commerz Bank; all provide in-honse lovestment advice and research services. So do the major West German mortgage banks, Bayerische Vereins and Hypotheken, and BHF, the big merchant bank and fund manager.

The bank relays your request to buy or sell shares to its operator on the exchange. Foreigners trade mostly on the Frankfurt exchange, which is by far the largest of West Germany's eight bourses and handles 55 per cent of total turnover.

The operator buys or sells through either an *Amtliche Makler*, a sort of client-less broker elected to work in the bourse by the local government (that is, in Frankfurt, Dusseldorf, Munich or Hamburg); or a *Frie Makler*, who operates independently and fixes his own commissioos.

The choice depends on the price: for example, the *Frei Makler* might sell below the *Amtliche Makler* hut charge a higher commission. Generally, the bank charges 1 per cent and the *Amtliche Makler* 0.1 per cent commission on each investment. A tower rate is charged on hond trading.

In practice, large investors—institutions and fund managers—negotiate their commission, hut for small investors it is still firmly fixed. However, this could change. The future of the West Germany stock market is now under scrutiny in tight of the coming financial revolution in London, and major plans are being considered to make commissions more competitive; amalgamate the eight hourses into one; introduce full continuous trading; and extend the trading bours.

At the moment, the Frankfurt exchange trades between 11.30 and 1.30 each day in a two-tiered system made up of the *Amtliche Notierung*, or *variaheler* market, where major shares are traded continuously; and the *Einheitsnotierungen*, or *kassa* market, where shares are "called over" and traded at a fixed price.

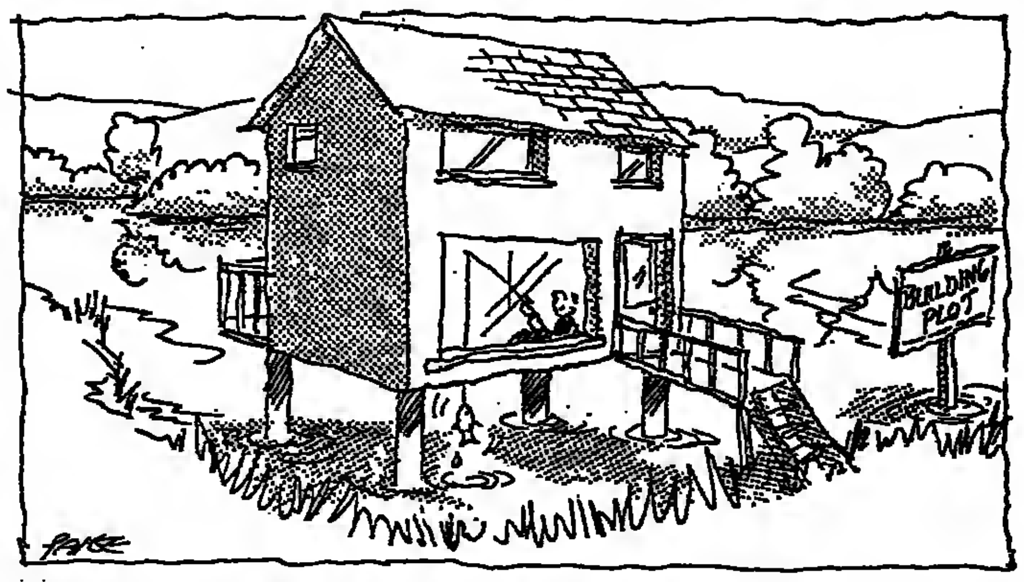
There is also an over-the-counter market which, according to one banker at Dresdner, might be replaced next year by a second market similar to London's Unlisted Securities Market.

UK investors wondering which West German shares to buy should first get advice from a London broker. All the major ones have European departments, some with specialists concentrating exclusively on West Germany.

Key indices of the market's movements are the Frankfurter Allgemeine Zeitung (FAZ) index of 100 shares, and the Commerzbank index of 60 leading shares. Both reached all-time peaks recently.

Property

Rich rewards for DIY builders



AT LEAST 10,000 people each year make a saving of up to 40 per cent on a new home by building it themselves. It gives them the bouse of their dreams and much more for their money.

Self-builders come in three varieties: the manager who takes over the administration and sub-contracts the work to professionals; the person with one skill who joins an association to combine forces on a development; and the rarer species who has the time and skill to do it all himself.

The greatest financial advantage comes from cutting out the overheads and management skills of the developer. By buying the plot and managing the construction, a self-builder can save £5 per sq ft. The saving on do-it-yourself labouring actually represents only a further £1.50 per sq ft.

Finding a suitable plot usually is the most time-consuming and worrying part of the exercise. Plots can he located through estate agents, local authorities or by asking landowners directly. The time spent on this stage can be put to good use planning exactly what you want and how you are going to pay for it.

Banks and building societies are the best source of finance but their willingness to lend will depend on past experience with self-builders and the individual's ability to prove he is a good risk. Finding the money to buy a site often is the greatest prohlem, hut most self-builders raise it either by selling their present bouse or getting a second mortgage.

Finance for the building work usually is obtainahte more readily from a bank or building society in the form of a bridging loan repaid by a mortgage on completion; or through progress payments from a building society mortgage. A bridging loan from a bank is more expensive, bnt is also more convenient as the money is available as and when you need it.

Building societies pay in set instalments as the work progresses; the first is made, say, wben the damp course is fitted, the next when the roof goes on, and others follow as the house is plastered and completed. Payments at each stage are made following a surveyor's report, so there may be somo delay.

Both banks and building societies will want a charge on the land and the honse as security for their loan.

Self-builders in new towns may be able to get belp from the Housing Development Corporation. In Milton Keynes, where 250 plots are available for such development every year, it is possible to defer 90 per cent of the payment for up to 18 months with interest charged at 5 per cent above hase rate.

Milton Keynes provides self-builders with rented accommodation while they are constructing their new home, allowing them to sell their old house to finance the work.

Finance generally is available more readily to groups of self-builders who have formed an associatinn. These associations fall into two categories: the managed and the self-managed.

In the first case, a consultant such as the Cotin Wadsworth Group will find a plot of land and select self-builders from its list of applicants on the basis of the person's skill and commitment. It then will arrange finance and manage the construction for a set fee. The cost of its service usually is 7 per cent of the completed property's value.

Even in a managed association, each self-builder has to arrange to pay for his house; but with the groop as a backing, most building societies and banks are ready to help. The Nationwide has a long association with self-builders and has drawn up a policy to guide them in their application for finance.

It insists that the association is registered and becomes affiliated to the National Federation of Housing Societies (NFHS). This requires seven members who each take a £1 share in the association, and means that the association can apply for loan finance from the Housing Corporation.

The corporation has arranged a £17m revolving fund with merchant banker Morgan Grenfett, which makes loans available to self-build associations at 12½ per cent interest. When the loan is redeemed, the association can claim retief on the interest paid, even though the loan was not strictly a mortgage.

As an association, the self-builders also can claim back VAT on materiats as the work progresses, rather than on completion as individuals must.

Under the rules laid down by the NFHS, the association must appoint a treasurer and appoint an accountant as auditor. The individual members agree to buy their houses from the association at the end of the development, and receive a licence to occupy their property until the whole scheme is completed.

Once the money to build has been arranged and the plot bought, the wise self-builder will cover his obligations and risk with a short-term life insurance policy and a building insurance package. The life assurance should be enough to pay for a registered builder to complete the house if illness or death befalls the owner. A package to cover contract works, public and employer's liability is available from the Norwich Union at £3.40 per £1,000 of the rebuilding cost.

All the planning involved in self-building is enough to put off all but the most determined, but for those who can see the task through there are rich rewards. Les Faulkner built himself a tuxury four-bedroom house outside Bristol for a total cost of £62,000 it is now valued at £100,000; and the Castle Association in Kent huilt 13 four-bedroom houses under the guidance of the Wadsworth Group for an average cost of £25,000 per unit. Two years tater, these houses are valued at £55,000 each.

Useful addresses.

National Federation of Housing Association, 30-32 Southampton St, London WC2; the Housing Corporation, Sloane Square House, London SW1; the Colin Wadsworth Group, Northfield, Snelsins Rd., Cleckheaton, West Yorks; Design and Materials Ltd., Carlton-in-Lindrick Industrial Estate, Worksop, Notts (supplies plans and materials for associations and self builders); and "Building your own home," by Murray Armour—a comprehensive guide for self builders written by the director of Design and Materials Ltd.

Amanda Seidl

• FINANCE & THE FAMILY •

Briefcase

Costly consequences of car crash

In July my car was severely damaged at traffic lights by a van coming through the lights on red and hitting my car broadside on. Both vehicles ended up on the pavement with my car being pushed against, and damaging, a public house sign. The police arrived, wanted the vehicles removed, and my car was towed to a garage forecourt where it has remained. The police have since indicated that the van driver, who appeared inebriated, will be prosecuted and that no blame attaches to me.

My insurance is third party. I claimed against the van owner's insurance which is also third party. His insurers refused my request for a hire car stating that I could pay for one out of my own pocket and then make a retrospective claim for the expense although they do not admit that such a claim would be met. Already financially penalised by the crash, I have been on foot since. To add insult to injury the insurers have just made an offer for my loss of £1,150 and the car as scrap, saying that the cash is bottom book value, although they appear to be using a different book than local garages.

The car was a late 1979 model just serviced for £102 and was in very good condition. I cannot replace the car for the figure offered as £1,800 appears to be the average local garage price for the same type of car. The garage where the car is "parked" have presented me with a bill for £150 to date, have indicated that this will increase by £10 per week until the bill is paid and have refused me permission to remove it and thus minimise my loss. I have also received a hospital bill for £10 for accident treatment and the brewery is looking for compensation for their damaged sign.

Can an insurance company make an offer that leaves the innocent party suffering substantial financial loss? Can I insist that the insurers provide me with a vehicle of the same age/type as I cannot do so for the sum offered? Can I insist that my car be repaired? Is the insurance company right to refuse a hire car? Who is responsible for paying the garage forecourt fee and for the damaged brewery sign?

In England the insurers of the culpable driver are not obliged to make any particular offer: they can leave you to pursue your rights against that driver under the law (ie by bringing an action in the courts). The losses which you describe, however, are consequential losses which should be properly recoverable, so it looks as if the insurers are banking on your not pursuing your claim in court because you do not have the backing of your own insurance company, having taken out only third party cover.

Fulfilling a covenant

I have entered into Deeds of Covenant for my two grandchildren, with their father — my son in law — as trustee. The amount paid is £300 after tax, to each and one covenant has two more years to run, and the other one has four more years. Very recently my son in law has left my daughter to live with another woman. No divorce proceedings have been started. Another payment of £300 is due in shortly and I would like to know, if I stop this and all other payments —

1—Can I be forced to fulfill the Deeds and complete all payments?

2—If the Deed lapses, will my son in law become liable for repayment of tax rebates which have already been reclaimed?

3—Would the position be changed if divorce took place?

1. Yes. 2. The deed cannot lapse until it has run the full period. It can only be released if the covenantee (grandchild) is over 18 years of age. If a release is effected tax rebates already paid would not be reclaimed. 3. No.

Will to be re-written

My father died recently, leaving his entire estate to my mother. Once probate is granted my mother wishes to pass much of the estate to my sister and myself and thus minimise CTT. My sister is a non-resident British National, married to an American serviceman and living in West Germany until at least 1989, thereafter probably returning to the US. She has no plans to take up residence in the UK at any future time. She has two small children, both American nationals. Who, and in which country should my sister look to for advice as to how my mother's specific plans will effect both her own tax position and that of her husband?

Your sister should consult someone versed in the law of the State in the US in which her husband is domiciled. Under English law however you will wish to enter into a Deed of Family Arrangement which effectively re-writes your mother's will.

Travelling expenses

For a period of six months, I worked for a company through an agency on various accounting projects at three sites 20 miles away from my residence and at one in Scotland (200 miles away).

Air travel and hotel expenses for regular weekly visits to Scotland were reimbursed by the company.

The Inspector of Taxes is now threatening to treat the reimbursement as additional earnings as I was travelling to my "normal place of employment."

As I was looking for a permanent position, I did not apply for self-employed status.

Is the Inspector correct to assess the travelling costs to Scotland, where as a permanent employee of the company travelling with me in similar circumstances enjoyed a "dispensation" from the Revenue?

Why should I not be allowed to claim the travelling costs to the closer sites, whereas a self-employed work study officer working with me was allowed his expenses?

It looks as though the inspector is right. The Schedule E rules are designed for administrative convenience, not for equity between one taxpayer and another. Do your duties commence before the journeys, or after you arrive? Presumably the latter, unfortunately.

Can your employers help you in negotiations with the inspector?

Premature retirement

What would be the position of a self-employed retiring prematurely and possessing modest investments whose interests are taxed at source? If such retirement is induced by unemployment and there is no qualification for the state pension scheme or unemployment benefits and social security, does any system exist to either: (a) reclaim this deducted tax; or (b) have one's dividends paid in full? I also notice that from time to time you mention delays at the tax office.

When these two are combined, severe hardship may be sustained. How can one overcome this vast non-chalance of governmental machinery?

(a) Yes: both tax deducted (from interest and foreign dividends) and tax credits on UK dividends.

(b) No—strictly speaking, of course, UK dividends are always paid in full: no tax is deducted. Final question: Write to your MP, and urge him or her to urge the Chancellor to make the Revenue pay a commercial rate of interest after two months.

Taxman may give

My father-in-law died in October 1974 leaving his estate, then worth £13,756, in trust for his wife's life and then to his daughter, my wife. His wife died in October 1984 at which date she lived in a house bought with money from his estate and now worth about £40,000.

Her elderly sister (77) lived with her and we intend to let her continue to do so for the remainder of her life, rent free, and we will maintain the house.

Are we creating a tax problem when the sister dies?

This may well be a situation in which the Inland Revenue will grant an extrastatutory concession, in order not to discourage the provision of homes for elderly relatives (in the wider popular sense of the word). Explain the position to your tax inspector, asking for the matter to be considered by the District Inspector.

If you get a dusty answer, please come back to us for guidance on the next step.

Nothing for the son

An acquaintance, a widow, is absolutely determined that her son should not inherit any money whatsoever on her death.

Previously before making their wills leaving all their possessions to each other they were well aware that the surviving spouse would be "vulnerable" in that the son might make "approaches." After years of complete estrangement, the son has telephoned two or three times and visited her once, she having refused to return the visit. Meanwhile, she had had her will drawn up by a solicitor which includes the following clause:—

"I have intentionally made no provision for my son, he having already received considerable financial benefits from me and my late husband during my lifetime, including a public school and university education and I also forgive my said son all monies owing by him at the date of my death."

The fact that the son may contest the will and succeed under what she calls the Family Inheritance Act is driving her to distraction.

There is no means of making a will which can preclude a child (as opposed to other claimants) from making a claim under the Inheritance (Provision for Family and Dependants) Act 1975. The will as drawn, however, should make it unlikely that such a claim would succeed. It might be wise for the mother to deposit with her solicitor a memorandum setting out in detail her reasons for cutting her son out of her will—provided those reasons are not capricious ones.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Redundancy

Look out for tax rebates

SEVERAL readers have asked for clarification of the statement in a recent article (October 26 issue) by Mr R. B. Cannon entitled "Advice is the perfect foil against tax man" implying that there is a £43,000 tax exemption on redundancy payments.

In fact, only the first £25,000 of any redundancy payment is tax free. However, if the redundancy payment exceeds £25,000 then tax is charged at only 50 per cent of the normal rate giving an effective £12,500 tax free. On the next £25,000 tax is charged at 75 per cent of the normal rate giving £6,250 tax free. Thus on a redundancy payment of £75,000 there is a total of £43,750 "tax free"—£25,000 plus £12,500 plus £650. The full rate of tax is paid after £75,000.

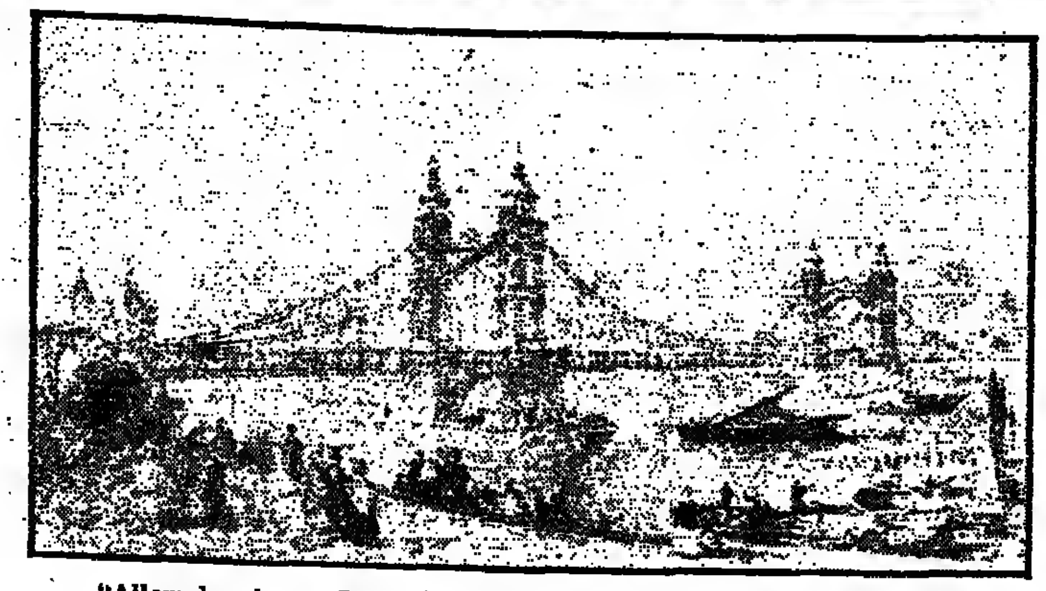
It is worth approaching your local tax office if you think you have paid too much tax on your redundancy payment. One reader, at least, has successfully applied for a tax rebate following Mr Cannon's article.

Normally if you are made redundant, any earnings you are owed by your employer—back wages, pay in lieu of holiday entitlement or working during your notice period—are taxed in the normal way under the Pay As You Earn (PAYE) system. However pay in lieu of notice is tax-free under £25,000, provided your conditions of employment do not say you are entitled to it.

Certain payments are tax free. These include any lump sum for injury or disability preventing you from continuing your job; compensation for loss of job mainly, or entirely, outside the UK; and certain lump sums from an employer's pension scheme or money your employer pays into a retirement benefit scheme or for an annuity.

Payments under £25,000, which are tax free, include those made under the Government's redundancy scheme or one approved by the Inland Revenue. Other payments above the Government's scheme minimum, but below £25,000, are also tax free provided they are not payments for work done and not part of your conditions of service.

John Edwards



"Allom drawings reflect his skill and delicacy, and a charming whimsy"

Artist with human touch

Janet Marsh previews a sale of work by the Victorian architect, Thomas Allom

A SALE of 80 drawings and watercolours by Thomas Allom, the early 19th century artist, at Christie's in South Kensington on Monday must represent one of the earliest collections of this size to have survived from the studio of a single artist. It is, in fact, the third sale of its wind of Allom drawings — all from the artist's descendants—held over the years by Christie's and its predecessor, Debenham Coe.

The meticulous numbering and indentification of most of the drawings, in Allom's hand, give a clue to the survival of the collection in the first place. Allom's most important work was as a topographical artist supplying printmakers and publishers; these drawings made on his travels represented, no doubt, a stock-in-trade to be filed and kept handy for re-use whenever someone needed an illustration of Cornwall or Constantinople or Peking.

Born in London in 1804, Allom began his career at a particiularly fortunate time for the topographical artist. In 1823, new printing technology allowed the adaptation of steel engraving, a dry line technique already in use for printing bank notes, to producing books. Unlike copper, the hardness of steel permitted an almost unlimited number of impressions to be made from a plate. Moreover, the medium had a brilliant, luminous quality that instantly attracted such eminent artists as Constable and Turner. Indeed, the first important illustrations on steel were Turner's for *River Scenery in England* in 1823.

Turner and Constable worked extensively for the steel engravers, attracted not only by the considerable financial rewards but by the satisfactions of a medium that allowed their work to reach a far larger public. The great era of the steel engraving coincided with the rise of a prosperous new middle class that bought books and travelled—a combination of interests that fostered the kind of topographical illustration of which Allom was a minor master.

He was by training an architect; during apprenticeship he worked with A. C. Pugin on the plans for Kensal Green Cemetery. On completing his apprenticeship, he enrolled in the Royal Academy Schools and designed a variety of public buildings. He exhibited at the Royal Academy every year until his death in 1872.

His architectural drawings had a particular skill and charm that made him much in demand with fellow architects (he was a co-founder of the RIBA in 1834). Among projects on which he worked were the Houses of Parliament and the Thames Embankment.

In the late 1820s Allom turned to topographical illustration and, alongside William Bartlett, with whom he often worked, he was one of the most prolific producers of drawings for the steel engravers. He travelled extensively in Britain and Europe collecting his sketches, although it is uncertain if he actually went to the Far East for his most sought-after work, *China, in a series of views* (1843), or whether he relied on sketches brought back by naval officers.

Allom's work coincided with the best days of steel engraving. After the 1840s, the process became increasingly more mechanical and was abunned by serious artists who reverted to etching, mezzotint, lithography or even the older but versatile process of wood engraving. Allom might have worked for wood engravers: a series of drawings of Preston cotton factories in the Christie sale appear to have been made for the *Illustrated London News*.

The decline of steel engraving brought a disrepute that lasts, to a degree, to this day. Collectors tend to see books illustrated by the process as monochrome and murky, the poor man's apology for real colour plates. Great numbers of these topographical works still are broken up and sold as individual prints.

Books of the Allom period merit more careful attention from collectors, however. The best of the prints from Allom drawings reflect his skill and delicacy, and a charming whimsy in introducing little human touches into his pictures.

Steel engraved plate books still are easy to find and comparatively cheap. The highest price recorded for a good copy of *China in a series of views*, in original monthly parts as issued, is £380. Less popular works to which Allom contributed illustrations — such as *Scotland Illustrated* (1838), *Westmoreland, Cumberland, Durham and Northumberland* (1839) or *France Illustrated* (highly praised by the King of France) — generally realise between £100 and £150 for good copies in the saleroom.

Stuart Marshall visits the Tokyo Motor Show

Dazzlers from Japan

CONSIDERING that Japan is the world's largest car-making nation after the US, the Tokyo Motor Show is an unexpectedly modest affair. The undistinguished collection of exhibition buildings set down in the city's dock area does not begin to compare in scale with, say, the Frankfurt show complex or even our own National Exhibition Centre near Birmingham.

It is all very sober, but the cars themselves are dazzling. If Frankfurt was the show at which four-wheel drive really took off in Europe, Tokyo is the show at which all-wheel drive became virtually obligatory for every manufacturer in Japan.

The only large cars to feature it were the concept models, but in the small to medium sizes I counted up to 40 all-wheel drives and then gave up. The next innovation is going to be four-wheel steering. This, too, was to be seen on several of the concept cars and Mazda already has taken a step in the direction of the four-wheel-steered production car with its new RX-7.

On this, the only Wankel rotary-engined volume production car in the world, the rear wheels exert a slight steering correction when the lateral force created by hard cornering exceeds 0.4g. It makes the RX-7, which I shall be describing in more detail next week, nimble to steer at low speeds, forgiving on very fast corners and stable at high speeds on the straight.

Just to run through the characteristics of some of the concept cars is to lift the lid on the future and show that it is a great deal nearer than some of us may think.

Mazda's idea of what a high-performance, four-seat sports coupe of the 1990s will be like is the MX-03. Powered by a three-rotor Wankel engine already producing 350 hp on the test bed, the MX-03 has two-stage turbocharging, speed sensitive four-wheel steering, a four-wheel drive system allowing the driver to select the proportioning of power between front and rear, and anti-lock brakes.

Apart from the MX-03 and the RX-7, which is already on sale in Japan, the high-performance version of the new Mazda 323 hatchback made its debut. This has a 16-valve, turbocharged engine and full-time four-wheel drive with a 50:50 power split. This smaller-scale, cross-engined equivalent of a cut-price Audi Quattro will reach Britain next summer, when it must do wonders for Mazda's image and set a new trend in the hot hatchback segment.

Toyota's FXV concept car also had all-wheel drive and steering; but the 2-litre engine (a 16-valve, 4-cylinder with a supercharger for low speed power boost and a turbocharger for higher speeds) is mounted just in front of the rear wheels. It delivers its 230 bhp through a 5-speed, electronically controlled automatic transmission. Electronics also modulate the suspension for the ultimate in handling and ride comfort, and control anti-lock brakes.

Not to be outdone, Nissan—second in size only to Toyota—had four prototypes. The BE-1 was a convertible saloon with a roll-back top (seen on a number of other exhibits at Tokyo) looking remarkably like a corpulent latter-day Mini. I cannot see much future for this car but the CUE-X, a next generation luxury high-performance saloon, moved even BL Austin-Rover chairman Harold Musgrove to high praise. It was he told me, the best looking concept car in the entire show. Naturally, it had four-wheel drive and steering as did yet another Nissan prototype, the MID4.

The MID4, as the name infers, has its 24-valve V6 mounted amidships in a body with overtones of Porsche 928 from the front and much of the style of a Ferrari from other aspects. It is hardly necessary to add that it has permanent all-wheel drive and ABS brakes. Most significantly, it has been designed with commercial production in mind. Completing the Nissan prototype foursome was the LUC-2, a pretty two-seat convertible with a rigid roof that sank invisibly beneath the rear deck at the touch of a button.

Of more immediate interest was the Nissan Auster, the successor to the Stanza that will soon be assembled (and not much later, it seems, manufactured) at the company's plant at Washington, Tyne and Wear, which is nearing completion. As shown at Tokyo, it looked rather like the Bluebird saloon with which we are familiar. It has an enormous boot and fold-down rear seats, and Nissan is aiming it at fleet buyers in Britain as much as at private customers.

Almost as an afterthought, Nissan also unveiled a completely new Sunny range and an on-demand four-wheel drive version of the admirable Prairie multi-purpose vehicle.

Honda had no prototypes on show but hardly needed to because the Legend made its debut. This is the car developed jointly by Honda and the BL Austin Rover group. The Japanese version, which will be sale there very soon at between £8,975 and £10,500, looks as much a typical Honda as one had expected, although Austin Rover is at pains to stress that its own version will have no common body panels at all and will be "a real Rover, an elegant European car styled to look like one."

At the other end of the Honda scale was the new baby car called Today. (The Japanese have a penchant for odd names. Mazda has a model called the Genteel; Mitsubishi a Winky; Toyota a Windy Cruiser). The Today with a £2,230 price tag would meet the needs of tens of thousands of people in Britain seeking an urban run-about.

The body is a 2+2 with a fold-down back seat turning into a 3 ft square luggage platform and an estate-car type tailgate. The tiny 2-cylinder, 545 cc engine puts out only 31 bhp, but it should provide adequate performance bearing in mind the light weight of the Today. Although well over 6 foot tall, I had no problem getting in or out and sat comfortably behind the wheel.

Another intriguing small car among the multitudes at Tokyo was the Festiva, on Ford's stand. Ford cars sold in South-East Asia actually are Mazdas and the Festiva will go on the market next spring, when it will also appear as a new Mazda. Thus, Mazda's Familia 1600 Turbo 16-valve, with all-time 4-wheel drive, was on the Ford stand as the Laser 4x4, costing just under £6,000.

This was considerably less than the price asked for a Citroen 2CV Charleston, which I saw surrounded by a crowd of bemused Japanese visitors trying to make up their minds whether it was a car or a strange Western joke. The prices demanded for European cars are so sky-high in relation to those asked for the domestic product that one wonders why any imported cars are sold at all in Japan.

But they are and the scale, although minute in relation to the size of the total market, is increasing. Last week, while I was in Tokyo and Hiroshima, both BMW and Mercedes-Benz cars often were seen in the business areas especially. Each make will sell about 8,500 this year in Japan, rising to 10,000 next year. Jaguars, too, are by no means uncommon.

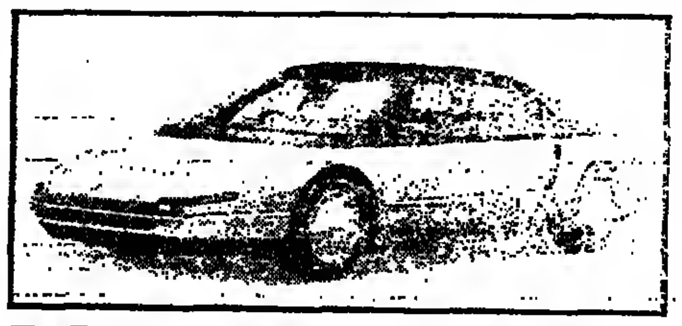
Luxury imports are bought for prestige and price is unimportant. It must be, because a BMW 325i is £16,000; a Jaguar XJ6 £33,170 and Daimler Double Six, just reintroduced after a six-year absence, £45,700. That is a mere nothing compared with the Bentley Turbo R at around £118,000. Who would buy one? Possibly one of the godfathers of Japan's equivalent of the Mafia who now, it is said, favour Mercedes-Benz 500s along with a growing number of entirely respectable businessmen.

The desire for an imported luxury car among the well heeled is understandable because the one class of vehicle the Japanese do not make very well is the big car. At the Tokyo show, Mitsubishi unveiled its new Debonaire. Although modern enough under the sheet metal, with front-wheel drive and a V6 engine, this Granada-sized saloon looked like a Japanese copy of a 15-year-old American car that had been styled to look as much like a Mercedes-Benz as possible.

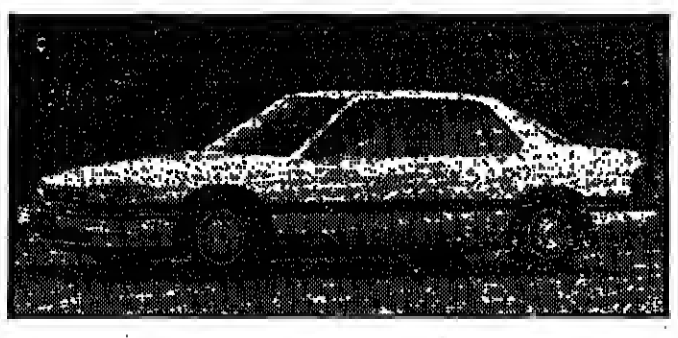
Tokyo show was such an Aladdin's Cave of advanced technology that a few crowded hours there tended to confuse rather than inform. But you came away with the impression that if a Japanese manufacturer thinks of a good idea, it will be designed, developed, produced and marketed at a speed which takes the breath away. Which other country in the world produce a small 4-seat saloon with electronic fuel injection, a turbocharger with intercooler, and selectable four-wheel drive engaged by touching a button on the gear lever, for less than £3,000?.

It has a 5-speed gearbox and is called either a Suzuki Alton or a miracle of modern technology at a knock-down price. Take your pick.

No, not a Ferrari, but Nissan's MID4 prototype with engine behind the seats



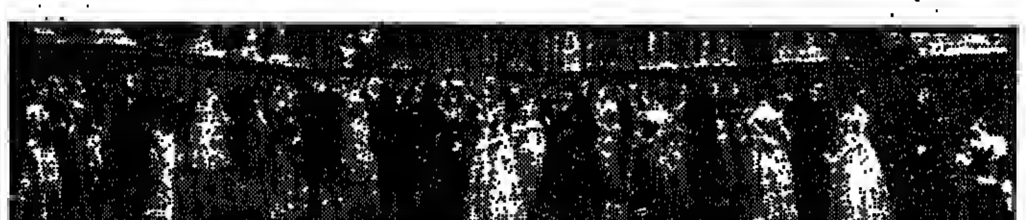
The Toyota FXV, another concept car that also has all-wheel drive and steering



The Honda Legend, now on sale in Japan. Austin-Rover's version is due next summer

Goldsmiths kept in step with fashion

Gillian Darley assesses the riches on view at Goldsmiths Hall



A segment of the watercolour "Goldsmiths Hall on Ball Night," by H. Melville,

THE Worshipful Company of Goldsmiths was the first guild to acquire a headquarters; in 1339 19 goldsmiths bought a house on a site on Foster Lane. Their successors have been there since—in several buildings, each larger than its predecessor. As with many other City sites, the buildings have suffered over the centuries. Nicholas Stone's 1643 building (in which Inigo Jones had a hand) was gutted in the Great Fire, and part of Hardwick's 1835 replacement, the subject of this exhibition, was badly damaged by bombing in April 1941.

A Place for Gold (10.30 am to 5.00 pm Monday to Friday until November 28; also open today for the Lord Mayor's Show) celebrates the 150th anniversary of the opening of the present building, Philip Hardwick's sumptuous Goldsmiths Hall. It cost, at contemporary values, an incredible £106,190 17s 9d; furniture and fittings included.

Although he had no intention of retaining the earlier structure, and had expanded the building to cover the entire site, Hardwick was scrupulous in recording the interiors as he found them. Drawings in the exhibition show the 17th century walls elaborated with a series of 18th century trophies. The goldsmiths evidently did not wish to be caught out of step with fashion and continued to dress the building in the costume of the moment.

In the Court Room, Hardwick went further in recognising the quality of the Stone/Jones Hall and retained the panelling, ceilings and a great marble chimneypiece commissioned from Henry Cheere in 1734. Hardwick was as careful with the pattern and colour of the carpets, the draped curtains and the chairs as with the overall plan and elevations. Planning was awkward. Because the building touched each boundary street or lane, the site was anything but symmetrical and rooms had to be accommodated within an unwieldy shell.

The rejected designs for the Hall are on show; a shrunken portico, surmounted by a shallow dome, provided a facade of far less gravity than the present version in which a giant order dominates all, with no more than a parapet to compete. The goldsmiths can, with hindsight, have the satisfaction of knowing they made the right decision.

As well as the treasures on show at this exhibition, including plate from the company's unparalleled collection and material relating to the earlier buildings on this site, visitors have access to the great rooms—the entrance hall, the Livery Hall and the Court Room in particular.

The Livery Hall, happily untouched by bombing, is Hardwick's masterpiece. Sumptuous in overall effect, it is saved from gratuitous ostentation by the discipline of its classical architecture—although it is the rich classicism of imperial Rome, with its moulded, compartmentalised ceiling, scagliola columns and a sequence of chandeliers of quite stupendous grandeur. Their importance to the project can be gauged by the fact that the royal opening of the building was postponed because they were not ready on time. Plus ça change?

BRIDGE

TODAY'S HANDS occurred in a duplicate pairs during a cruise from which I have just returned. Here is the first:

N
♠ J 9 4
♡ Q 10 8 3
♢ A K 6 5
♣ 7 3

W
♠ A K 10 8 2
♡ 9 5
♢ 9 4 3
♣ K 8 6

E
♠ 6 3
♡ J 7 4
♢ J 10 8 2
♣ 10 9 5 4

S
♠ Q 7 5
♡ A K 6 2
♢ Q 7
♣ A Q J 2

At game all, sitting South, I dealt and bid one no trump, which North raised to three. West led the spade eight, won by dummy's nine. Nine tricks were on ice—the problem was to find some way of making an overtrick. The club finesse would, if right, yield two overtricks: but if wrong it would mean defeat, for West almost certainly held five spades.

I cashed Ace, King of hearts, and when both opponents followed I continued with Queen and 10. West discarded a diamond and a club and East let go the spade six—West had led from a five-card suit. I continued with Queen, King and Ace of diamonds, on which West threw the two of spades.

Her hand was now an open book. She had started life with five spades, two hearts, three diamonds and three clubs to the King. The endplay was marked. I returned the spade four from the table, and West was thrown in. After making three spade tricks, she was forced to lead a club into my major tenace, giving me my 10th trick.

This was a very simple endplay, and I was surprised to find that other declarers had made only nine tricks. Of course, if West throws a second club, I play the club Ace. This might drop the King (if West was a cunning player) or a low card. In the latter case, I can concede a club to East and still make ten tricks, losing just one spade, one diamond and one club.

The second hand was more difficult:

N
♠ A Q 8 3
♡ Q 9 7
♢ 7 3 2
♣ A Q J

W
♠ K 5 2
♡ K J 10 4
♢ A Q 9 6 5
♣ 5

E
♠ 10 9 7 6 4
♡ 8
♢ 8 4
♣ 10 8 6 4 2

S
♠ J
♡ A 6 5 3 2
♢ K J 10
♣ K 9 7 3

South dealt at love all and passed. West bid one diamond, and I doubled with the North cards. When for some strange reason my partner bid only one heart, I passed, and East saw fit to come in with one spade — protection madness. Now my partner woke up, and bid one no trump. I raised to two no trumps, but South now said three hearts, so I raised to four. West doubled, and all passed.

South should have accepted the three no-trump contract — indeed, I think he should have replied to my double with two no trumps — and this is an easy make.

West led the spade two; South decided to play dummy's Ace, and eventually went one down. If he runs the spade to his Knave, he is in full control. He returns a low heart, the King takes, and West returns the Knave to dummy's Queen.

Now declarer leads a third heart to his Ace, and plays on clubs. West refuses to ruff (best) and, after making dummy's three clubs, South cashes the spade Ace, throwing his diamond ten, and ruffs a low spade. West is thrown in with the declarer's last trump and can make his diamond Ace, but nothing more.

E. P. C. Cotter

CHESS

LAST week's candidates tournament at Montpelier, probably the strongest-ever 16-player event, showed that the Soviet Union remains firmly ahead of the rest of the world in top-class international chess competition. Four grandmasters qualified for knock-out matches, the eventual winner of which challenges Karpov and Kasparov in 1986.

The Russians took seven of the top nine places and one of the two interlopers was Boris Spassky, who only recently became a representative of France. Scores were Sokolov, Vaganian and Yusupov 9 out of 15; Timman (Holland) and Tal 8½; Belyavsky and Spassky 8; Chernin and Smyslov 7½; Portisch (Hungary), Seirawan (US) and Short (England) 7; Korchnoi (Switzerland) and Ribli (Hungary) 6½; Nogueiras (Cuba) 6; Spraggett (Canada) 5.

Timman, the last hope of the West in the 1985-86 title series, faces a play-off match with Tal. If he survives that, then he has successive matches against Yusupov, Vaganian or Sokolov, Karpov and Kasparov.

Nigel Short beat both Ribli (this column, October 19) and Portisch, drew 10 games and lost three—all with the black pieces in the Queen's Indian Defence. At age 20, Short can improve enough to be among the favourites by the 1987-88 championship cycle.

Sokolov—at 22, just a month older than Kasparov—was the surprise qualifier. He was only bottom board for the Russians in last year's match in London Docklands against a World team, and is still little known in the West; but at Montpelier his dynamic style and attacking energy overcame more experienced grandmasters.

White: A. Sokolov (USSR). Black: K. Spraggett (Canada). French Defence (Montpelier 1985).

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-Q2, P-QB4; 4 KPxP, KPxP; 5 KN-B3, N-QB3; 6 B-N5, B-Q3; 7 PxP, BxBP; 8 0-0, KN-K2; 9 N-N3, B-Q3; 10 R-K1, 0-0; 11 B-N5, B-KN5; 12 B-KR4, R-K1.

This is a well-known theoretical line where White aims to exchange dark-squared bishops with B-KR4-N3 prior to threats against Black's weak central pawn.

13 B-N3, BxB; 14 RPxB, Q-N3; 15 B-Q3, P-KR3.

Here book is N-B4, when 16 RxR ch, RxR; 17 BxN, BxB; 18 Q-Q2 favours White as the QP stays vulnerable.

16 Q-Q2, BxN; 17 PxB, K-B1; 18 B-B1, QR-Q1; 19 QR-Q1, N-B4; 20 RxR ch, RxR; 21 Q-B4!

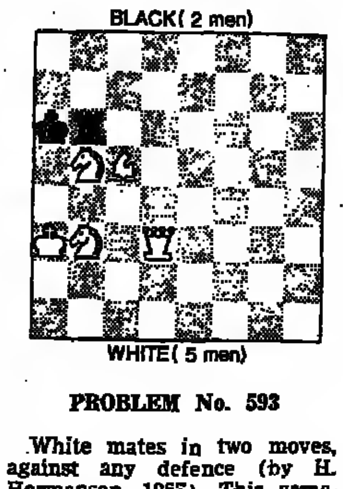
White stops NxNP and harasses the rook on the king's file.

21...R-K4; 22 K-N2, N(4)-K2; 23 Q-Q2, K-N1; 24 P-KB4, R-K5; 25 B-Q3, R-K3; 26 P-B4, PxP; 27 BxP, R-B3; 28 Q-Q7!

The idea of the paradoxical exchange of the sick pawn—now all White's pieces join the attack.

28...P-N3; 29 N-Q2, Q-N5; 30 P-QR3, QxNP; 31 N-K4, R-B4; 32 N-Q6, R-B4; 33 Q-K8 ch, K-R2; 34 NxBP! RxB; 35 N-N5 ch! Resigns. For if PxN; 36 R-R1 ch, K-N2; 37 Q-R8 ch wins the queen, or if K-N2; 37 Q-B7 ch mates.

BLACK (2 men)



WHITE (5 men)

PROBLEM No. 593

White mates in two moves, against any defence (by H. Hermanson, 1957). This game-like problem won a tournament first prize. It deceives many solvers by a kind of visual hypnosis, as the eye focuses on the knight's apparently promising discovered checks.

Solution Page XVII

Leonard Barden

Pin prick route to new energy

Joy Melville overcame her apprehensions to try out acupuncture—with positive results

FOR THOSE of us used to Western methods of dealing with illness (mainly drug prescription) it is not easy to grasp the idea of acupuncture.

The basic theory is that two flows of vital energy circulate through the body in channels called meridians, and any blockage causes illness (mental as well as physical). By piercing the skin at specific points along the meridians, any blockage or imbalance in the energy flow can be rectified.

These points govern certain areas of the body: needles inserted in parts of the foot, for instance, affect the condition of the kidneys.

Reading about needles being inserted to a depth of an inch or so on any of 600 meridian points is one thing: having it done to you is another. I went along, a trifle warily, to my appointment at the Belgravia Acupuncture Clinic at 34 Alderney Street, London SW1, headquarters since 1960 of the British Acupuncture Association.

I was cheered by the young man I sat next to in the waiting room, who told me he had gone to the clinic several weeks before with the skin disease, psoriasis. He had had it since the age of five, and had tried just about everything. After a particularly severe bout of the disease he decided, rather desperately, to go to an acupuncturist—and is now two-thirds recovered.

"I feel for the first time that something positive is happening," he said, "rather than just being prescribed cortisone cream, which has a limited effect. I've noticed the treatment isn't just for psoriasis, it's more general; it channels the energies in your body into the proper direction. I feel quite good and have changed my diet, as they suggested. You're expected to involve yourself in the process of healing."

Certainly there is time to talk and you are not faced with a harried doctor ringing for the next patient almost before you sit down. My appointment lasted an hour and the doctor I saw was quite prepared to explain how acupuncture worked (the clinic also publishes a detailed handbook on the subject) and to calm my fears about the needles.

I explained that I had had back pain ever since an obsession with turning cartwheels as a schoolgirl, and that years of X-rays, heat treatment and surgical corsets had failed to come up with the answer. I gave a brief run-down of other health problems and was then asked to stand up and take off my sweater to let the doctor examine my back.

Yes, he said, the places where I complained it hurt were exactly on certain meridian points. The room was decorated with body charts, all showing the position of these points on the body.

He asked me to lie face downwards on a slatted couch and then assessed the state of my energy flows by checking two pulses on my forearm, just above the wrist. In this way, acupucture can be used to detect illness before it gets a serious hold.

"I'm going to put in about 20 needles," said the doctor, cheerfully, at this stage. And he inserted the needles at various

ALTERNATIVE HEALTH

points in my back and lower legs (when you cannot see them going in, it is surprisingly hard to tell whereabout they are). Once or twice I said a quiet "ouch," but the sensation was more like pin-pricks and nothing like an actual injection.

I was then left for 20 minutes, still face down on the couch. But the doctor was around to answer questions. Was this it, I asked, or would I have to come again? He said that one session wouldn't be enough, that I would need several more. The average number, it seems, is about five: those needing more are warned in advance.

Having the needles taken out was quite painless. I got up cautiously, trying to decide if the constant nagging pain in my back had improved. This was an unfair test, as acupuncture does not set out to be a miracle cure and indeed cannot help all conditions.

But those that have been successfully treated include migraine, headaches, ulcers and digestive troubles, lumbago, arthritis, fibrositis, neuritis, sciatica, rheumatism, dermatitis, eczema, psoriasis and other skin conditions, high blood pressure, depression and anxiety states, asthma and bronchitis.

The first written record of a successful acupuncture treatment was in 206 BC, when a Chinese prince was brought out of a coma. Now there are over a million doctors in China using it; Europe, initially slow to follow suit, has some 5,000 practitioners.

The precise number in Britain is not known, as there is no official register, but it is thought to be at least 500. Numbers are rising steadily because of the huge interest in alternative medicine.

Costs

ACUPUNCTURE, unfortunately, doesn't come on the NHS. Some private medical schemes will pay for treatment but not all, so its is as well to find this out before going.

For my first session at the Belgravia Acupuncture Clinic, I paid £20; each further session comes to £15. Obviously, the length of treatment depends on your problem.

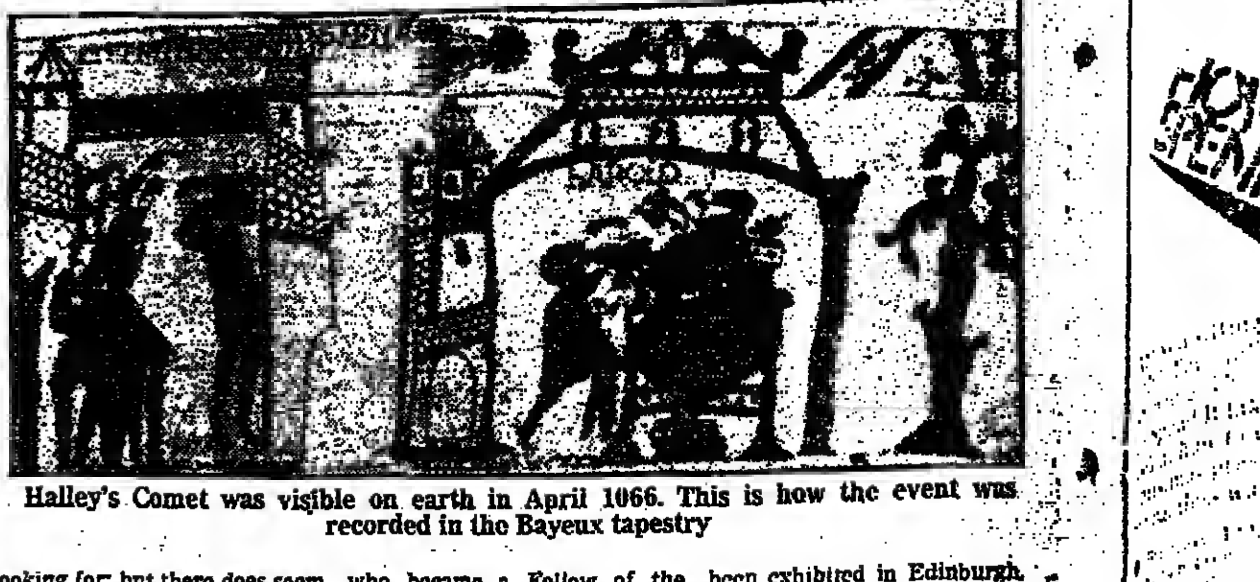
The overall charge, however, can vary from practitioner to practitioner, so it is important to ask the fees before you book.

And as anyone can set up in Britain as an acupuncturist, even with little or no training, it's a *mistake* to part with any money until you are sure they are reputable.

The best way to find a reputable practitioner is to ask your GP's advice, or go to an *established* acupuncture clinic or centre for alternative medicine; or contact the British Acupuncture Association (01-834 1012) for their list of members.

Archaeology

Three wise men and Halley, too



Halley's Comet was visible on earth in April 1066. This is how the event was recorded in the Bayeux tapestry

WHAT did the stars mean for early man? What would they have made of Halley's Comet? There is no doubt that such things were seen as forces of power; and although we can only guess at what the ancients thought, there are enough clues to show that in many parts of the world they worshipped heavenly bodies and could make astronomical observations.

The star leading the three wise men from the East to Bethlehem makes sense as a story only because it was quite believable. Such a thing could happen *easily* and they *came* probably from Babylon, which was a centre of astrology and astronomy.

The other early centre was Egypt. Life, religion and death there were soaked in the sun. In the Great Pyramid, the alignments on the four cardinal points are so precise that none is more than a degree in error. It is a monument of the 3rd millennium BC, before the days of the magnetic compass. Sighting sticks could have been used to find one side, and then the other sides laid out with set squares.

The common seals of Egypt point as much to the sun. *They* are known as scarabs after the scarab (or dung) beetle, and are more or less accurate representations of the insect, with designs or inscriptions on their flat undersides. In life, the beetle rolls a ball of dung that to the Egyptians resembled the sun.

In Minoan Crete, most of the palaces are aligned north-south, although not with Egyptian accuracy. Part or all of the reason for this might have been that the rising sun could illuminate important rooms for ritual at the north ends of the west sides of their central courts.

The so-called Throne Room at Knossos is an example where the early sun would shine in, and there are similar rooms at Mallia and Zakro. The soft limestone throne in the Throne Room *has a* design of a sun and crescent moon below the seat, holy symbols common in Mesopotamia.

I found out some years ago that one should not be too sceptical. We were *digging* a Minoan village on a prominent hill above the south coast of Crete. It has marvellous views towards the mountains encircling the horizon, and the big house at the top of the village had been set so that it looked straight up the river valley to the view.

We were excavating in October and our architect suggested that a large saddle in the mountains two or three *miles away* must have had some connection with our place. I laughed. But a few years later I was there at dawn on Midsummer's Day—and the sun rose in the middle of the saddle.

At Stonehenge, the midsummer sun rises along the axis of the Avenue, the ceremonial way to the monument; and nobody is sceptical about that. For several years now, archaeologists and astronomers have been re-examining the megalithic monuments of north-west Europe with careful measurements and painful honesty. It is painful because nobody seems quite sure of what they are *looking for*; but there does seem agreement that astronomy helps to explain the plans of the monuments, and that they are good evidence that their builders had some understand*ing of the stars.*

This need not mean that Stonehenge could have been used as an eclipse predictor, as Sir Fred Hoyle has proposed. I wonder if, in fact, we know of any eclipse predicted before that of 585 BC—by Thales of Miletus, in a literate and numerate society. But it does mean that the megalith builders could observe and give physical expression to their observations.

The problem is to get further. This we can do only by using analogies from other societies whose attitudes we know better from their writing or *songs*. In Greek and *Roman* society, there were verse manuals of the seasons and stars—and farming—such as Hesiod's *Works and Days*, Aratus's *Phaenomena* and Virgil's *Georgics*. From 12 BC seven years after Virgil died, comes the first mention in a European source of Halley's Comet, which re-enters the solar system every 76 years as it is doing now.

Edmund Halley (1656-1742), who became a Fellow of the Royal Society at the age of 22, worked out its orbit from its appearance in 1682. He then predicted that it would reappear in 1758. It did. It was a fine vindication of his analysis and, more than that, a proper example of a true scientific law, since his inference was falsifiable. If the comet had not reappeared, then his work was invalid. Since it did reappear, it became more likely that it would continue to be visible at 76-year intervals. That is still the case.

Before Halley, the comet had a long history. Its appearance in 1066 was *a* bad omen for Harold, shown in the Bayeux Tapestry. The comet also is mentioned in the *Anglo-Saxon Chronicle* and in records as far away as Korea, China and Japan. In Baghdad, people were terrified. Likewise, in 12 BC it was an omen of the death of Augustus's colleague, Agrippa.

Chinese records, as shown in a new exhibition on *Halley's Comet in History* at the British Museum (until May 5 1986), takes the comet back to 240 BC, when it appeared shortly before the death of the queen dowager mother of Qin Shihuang, some of whose tomb-parade of clay horses and soldiers has just been exhibited in Edinburgh.

The newly-established Babylonian clay tablets describing the comets of 164 and 87 BC are the highlight of the exhibition: this exciting find came out in *Nature* in April. The appearance of 87 BC is the first recorded in different parts of the world, as there is a Chinese account also.

The Chinese and Babylonian records still are of value in giving direct evidence of the long-term movement of a short-term comet (which most people may see with the naked eye once in a lifetime). In 837, it was only three million miles from the earth. The Chinese records of that are more accurate than modern calculations alone as the earth's pull altered the movement of the comet, complicating the equations.

When you come out of the British Museum, the stars may seem far away; but in the Mediterranean, and even in the British countryside on a clear night, they envelop you. That should inspire a moment of respect for the Babylonians, whose astronomical records go back to 700 BC and whose degrees, minutes and seconds we are still using today.

Gerald Cadogan

Gardening

Wait until soil works well

AS THE leaves fall more thickly, it is possible to plant many trees and shrubs from the open *ground*. Many people have become so accustomed to buying everything in containers that the advantages of open ground plants tend to be forgotten.

First, there is a *much greater* range of varieties available. True, it probably will be necessary to go and look for them or search the catalogues of mail order nurseries, but that can be a rewarding experience in itself.

There also is the possibility of buying larger plants with much more extended, naturally developed root systems. One problem I often have with container plants is that their roots continue to remain in a compact ball for a long time and are most reluctant to grow out into the new environment.

A third advantage of open ground plants is that they will have been growing in real soil and not a peat compost—so the change of environment will be less, especially if the plants can be bought near home or from a nursery with a similar type of soil to that in your own garden.

On the debit side, there will be the cost of packing and *carriage (unless* it is possible to collect the plants yourself) and the need to get them replanted quickly before roots begin to dry out. It does not matter if container plants stand around for months provided they are watered properly.

The techniques of planting from containers and from the open ground are a little different. With containers, the *roots* are *very* confined and *so* the planting holes required are relatively small. Depth is clearly indicated by the soil in the container, which needs to be only just covered with garden soil.

Roots of lifted plants are likely to be much more extended and irregular and holes must be made sufficiently wide to accommodate them whichever way they want to wander. Since there is likely to be little or no soil around these roots, depth must be *determined* by the soil *marks* on the stems or, if these are indistinct, by the useful rule-of-thumb of covering the uppermost roots with about two inches of soil.

Because of their self-contained root systems, container plants do not require a lot of firming; but open ground plants must have soil worked all around their bare roots and *made firm by treading so* that it comes closely into contact with them.

Some roots of open ground plants are likely to be broken in lifting or during transport. Traditional wisdom was that these should be cut back cleanly with knife or secateurs to undamaged root; if this is convenient or gives you a comfortable feeling of tidiness and hygiene *there certainly* is no harm in it, but I doubt it is necessary.

Very early in my career I had *the good* fortune to meet an iconoclast working in the Long Ashton Research Station. He described an elaborate demonstration carried out there to impress Somerset cider apple-growers with the importance of root pruning before planting. Some trees were given the full pruning treatment; others were not only left unpruned but their roots actually were trampled-on to damage them still more.

Unfortunately for the experts, the damaged trees grew best; when dug up to find out why, it was seen that each wound had produced a callus and each callus a mass of fibrous feeding roots. I do not, on that account, recommend root trampling, but I am not greatly worried by an occasional broken one.

What is important with all planting, whether from containers or the open ground, is to do it when the soil is working well. Gardeners will know precisely what that means. For non-gardeners, I define it as soil that breaks up easily when struck with a fork or the back of a spade; not soaking wet nor bone dry, but reasonably moist and pleasant to work with.

If you hate the job of planting because the soil is sticky or hard, it is very likely that the plants will hate being planted and will not thrive.

Arthur Hellyer

Wine

A very good vintage is expected

THE RHONE is one of the most successful French wine growth areas; in the north in reputation and exports, in the meridional south in productions and sales. The Côtes-du-Rhône *appellation* is to French red wines what Muscadet is to the whites, *although Rhône* production can be four times as high as Loire wine. Both are popular and inexpensive.

In principle wines labelled Côtes-du-Rhône may be made almost anywhere in the 200 kilometres between Vienne and Avignon, with a little in the north in the Collines Rhodaniennes. But the vast majority comes from the vast plains—near the river to the foothills of the Alps.

Twenty years ago production of Côtes-du-Rhône, including the "village" wines awarded this superior *appellation* in 1967, was about 950,000 hectolitres, *touching* 1m *in 1966*. It now averages 1.5m hl and in 1982 exceeded 2m plus 150,000 from the 17 "villages."

Côtes-du-Rhône is inexpensive, its increase in price only in line with inflation in France. Its great rival in France is Bordeaux Rouge, which had a price-edge until about two years ago. While the basic price of a litre of Rhône wine is 5 francs, Bordeaux Rouge is now at least 7 francs.

The low price is partly explained by the large-scale production of the 65 co-operatives which account for 70 per cent of output. Whereas in some wine regions the co-operatives have not produced very inspiring wine, in the Rhône they have been responsible for much of the improvement and development of the basic Rhône wines.

The co-operatives and other large private producers could be expected to use machine-harvesters in vineyards which, except for those on the edge of the Alpine foothills, are flat or *gently rolling*. *In fact*, only about 20 are used in the region, compared with 1,400 in the Gironde. I saw one in Laudun in the right-bank department of the Gard. It was picking Syrah grapes—the only variety attached to wires. The other grapes—principally the Grenache, but also Mourvèdre and Cinsault—are grown as bushes and pruned by the Goblet rather than the Guyot system generally employed in Bordeaux and Burgundy. I was told that it would cost 20,000 francs a hectare to convert to cultivation on wires, even though this would yield economies in the long term.

The predominance of the Grenache grape is being reduced to the benefit of the Syrah, Mourvèdre and Cinsault varieties that have a softening effect on the wine. Indeed for the "village" wines the proportion of Grenache is limited to 65 per cent, while the others must have a minimum of 25 per cent.

The white Côtes-du-Rhône, made *from the* Grenache and Cinsault, once a tiny proportion of total output, now represents 5 to 10 per cent of the *appellation*, though no more than 2 per cent of the region's production. In recent years earlier picking and better, shorter vinification have greatly improved these wines, which are much lighter and fresher than they used to be.

In the last few years a Rhône Primeur (Nouveau) has challenged Beaujolais on the home market with some success. Cheaper, it may try to cross the Channel. It has, however, less character than the well-established Beaujolais Nouveau.

When you buy red Côtes-du-Rhône it is usually worth while choosing the superior "village" wines, as they should be better balanced. The leading growth, with its own *appellation*, is Gigondas, with vineyards mainly on the slopes of the Alpine foothills, notably below the striking Dentelles de Montmirail. With their special reputation Gigondas wines can sell at a rather higher price —£4.50 to £6, according to age and vintage. Côtes-du-Rhône red wines are basically inexpensive, and as a result are thought to be for immediate *drinking*. *In fact* the more serious growers will tell you that Côtes-du-Rhône of a good vintage is at its best when it is four to five years old.

The leading growth of the southern Rhône is, of course, Châteauneuf-du-Pape, one of the few table wines whose name is known worldwide. Annual production averages between 90,000 and 100,000 hl, including about 2 to 5 per cent white. The latter has in recent years become lighter and fresher as a result of earlier picking and much shortened fermentation.

Châteauneuf is celebrated for being made from a choice of 13 grape varieties, but in practice it is now largely reduced to four: Grenache, Cinsault, Syrah and Mourvèdre. At Père Anselm's cellars in the Châteauneuf village I had the opportunity to taste each of the four, bottled separately.

The Cinsault was lightest in colour, but fruity, with good acidity and fairly forward. The Grenache was light in colour, alcoholic with little aroma, and very forward. The Syrah was much darker, with a concentrated, gamey nose and full flavour, while the Mourvèdre was also deep in colour, a backward, green wine, solid and with good acidity.

The old-style, almost aggressive Châteauneufs were nearly 100 per cent Grenache, but 5-10 *per cent*, is often fermented by the *macération carbonique* process in which the juice is expressed from the grapes by their *weight in the vat. This* is then added to the final blend.

The vineyard area of Châteauneuf is surprisingly small — about 3,000 hectares fully planted. There are only about 300 growers and just one co-operative at Courthézon. The best wine probably comes from the extremely stoney central plateau, and average production is usually about 20 per cent less than the authorised 35 hl per hectare. Châteauneuf too should be given a chance to mature, and if made in the traditional way will be at its best between 10 and 15 years.

Those heavily infused with the macerated wine will develop much more quickly, but lack some of the quality of the best growths. It is impossible here to indicate the many leading properties. Just refer instead to John Livingstone-Learmouth's *The Wines of the Rhône* (Faber, £5.25). The best vintages are '68, '71, '76, '78, '81, '82 and '83. A very good vintage is expected this year.

Edmund Penning-Rowsell

Lucia van der Post

HOW TO SPEND IT

Are you sitting comfortably? Then let's go shopping. This week How To Spend It takes another look at how to solve the Christmas present problem the painless way.

● **Britcross Ltd, PO Box 28, Burton-on-Trent, DE14 3LQ.**

A rather thin little catalogue but if this is the charity you would like to support, you will be sure to find some presents you'd like to give. There's a mileage measure/compass (roll tha wheel along to measure tha mileage on the map) for £1.75; a bain marie pan; a three-in-one ruler (that is, a 12-inch ruler, a calculator and a digital clock all in one, and it has an imperial / metric conversion table).

● **British Museum Publications, 46, Bloomsbury St, London WC1B 3QQ. Tel. 01-323 1234. Enclose a 17p stamp.**

If you have ever admired the Egyptian Falcon, the head of Hypnos (the Greek God of Sleep), the Benin Queen Mother or the antique jewellery in the British Museum, yon might like to know that you can order authentic replicas of some of the best-loved pieces by mail.

Long famous for euthentic replicas of the Isle of Lewis chess pieces (pieces cost hetween £2.50 and £5.50 each, the board is £25), each year the museum adds more replicas to its list. This year's hrochure is better than ever; more professionally produced, and easier to order form.

The British Museum's authentic copy of an Egyptian cat.

● **Curious Caterpiller hy Post, Unit E, 102 Bancroft, Hitchin, Herts, SG5 1NB.**

A sweet, unpretentious little catalogue, full of amateurish drawlogs and charm, selling tha tiny, delightful surprises that will meke e child's Christmas morning. Clown pencil tops at 9p, klttenish hairclamps at 16p, wax crayons at 15p, tiny white mouse with a piece of cheese at 19p. Nice old-fashioned toys as well: jigsaws and paper games pads and a peg doll kit. A good catelogue for small party toys aod accessories as well as for Christmas ideas.

● **The Dolls' House Emporium, Tudor Models Ltd, Park Hall, Denby, Derbyshire DE5 8NB. Tel: 0332 883222.**

If somebody in the family ... her has a dolls' bouse or ...uld like one, this is the ...ce to look. There are tradi...nal dolls' houses at £42, ...ical ones at £56; the New ... at £110 and, grandest of ... the St George's Hill version, ...-fronted and three-storied ... £220. Besldes the bouses, ...ere is everything the well-...rnished house could possibly require—from furniture down to a miniature vacuum cleaner, saucepan—and resident pet.

● **J. Floris, 89 Jermyn Street, London SW1. Tel: 01-930 2885.**

If you do not llve near enough to visit this charming shop, taka beart. You can buy its delicious smelling lotions, potions, soaps and powders by mail. A slim little leaflet lists them all, from the famous Floris perfumes to the elegant collection for men.

● **Hawkin & Co, Bridge Street, Halesworth, Suffolk. Tel: 09867 2702.**

Those nostalgic for wonderful tin wind-up toys of yesteryear will be in for a treat if they browse through the pages of this catalogue. I think it was George Bernard Shaw wbo felt that childhood was wasted on children—just what I feel about these toys. Keep them for adults. Almost all very colourful, they range in size from a full-scale Indian highway set to a tiny Indian flapping bird or a miniature Chinese swimming duck. A gem of a catalogue for the tin toy enthusiast.

● **Kaleidoscope, The Curiosity Shop and Aspirations. Any and all available from Kaleidoscope, Gedding Road, Leicester LE5 5DL. Tel. 0274 579335.**

Now that Kaleidoscopa is no longer part of the W H Smith empire but is linked with Grattan, the mail order house, it has begun to sprout some siblings. Kaleidoscope itself still flourishes and is perhaps tha best catalogua of all for buying all those gadgets wbere taste is of little importance, function and practicality is all.

Look to it for e good filing system, for a mini travel shaver, for some excellent luggage and holdalls, for a marvellously inexpensive pair of mini-binoculars (ideal for safari-goers as it is small, light, khaki-coloured anrd magnifies to 8 x 21, all for £49.99), corkscrews, travelling chess and computar hridge.

I would keep away from the items wbere taste is all. The "Victorian" tapa measure, the talepbone "eccessory set," the brass log holder and the personallsed His and Hers watches may be just what somebody, somewhare is looking for hnt for the life of me I cannot imagine who.

Aspirations is its newest stahle-mate, beralded as the catalogue for those with "a sense of style and taste, plus an eye for beauty and craftsmanship." It certainly sets ont to sell some very expensive items and a few are very beautiful.

Telescopes seem to be one of the presents of the year, Aspirations has a fine-looking version at £130. There ara also some good plain sbirts which can he monogrammed to make them seem more personal. If some of the other items are less to my taste, it just goes to show how difficult it is to please all of the people all of the time.

The Curiosity Shop is billed as the source of "price-consicous gifts, novelties *(sic)* and ideas for the whole family." Certainly its price range is attractive, ranging from £3 to £30. It is full of small practical ideas thet most people would welcome—a charming dachsund boot-scraper at £9.99, a sturdy rule and spirit level at £5.99, a sensible set of kitchen scales at £9.99. Personally, I will be steering clear of the "novelties."

Kensington Carnival, 123 Ifield Road, London SW10 9AR. Tel. 01-370 4358.

Primarly aimed at mothers giving parties for the mini-set. Nonetheless there is plenty for those seeking to fill stockings come Christmas. Will sell you a good red felt stocking, 15 in long, for just £1.25. For an extra £1.50 you can have a name attached in gold letters. For £5.99 you could have tha red stocking with a nama on it, and bave it filled with 10 presants.

● **Oxfam, Murdoch Road, Bicester. Oxon OX6 7RF. Tel. 0869 245011.**

Oxfem fans will know what to expect—many products featured were made in co-operatives or workshops established or helped by Oxfam, and most of them have strong ethnic overtones. There are llama wall hangings from Quito (very attractive), a magazine rack from the Philippines, leatherwork from Sonth India, a mouse massager (charming, bnt what you do with it is, I think, your problem) from Delhi. If you feel charity begins at home, you could plump for a mulled wine set made in our very own UK.

● **Roses du Temps Passé, Woodlands House, Stretton, Nr Stafford ST19 9LG. Tel: 0785 840217.**

A present with a difference—an old rose from the only nursery that specialises in them. A selection of roses specielly suitable for arches, pergolas and other supports has been added to last year's catalogue of rare and enchanting blooms.

● **Save the Children, SCF Trading Department, P.O. Box 40, Burton-on-Trent, Staffs. DE14 3LQ**

Save tha Children produces two catalogues; readers, when writing for them, sbould specify which they would like. Both are printed on higher quality paper than is usual among charities. The smaller is devoted mainly to . . . . smaller things. Plenty of stocking fillers for those with little to spend; some charming soft toy kits; some useful garden presents (garden candles, moisture meters, hoot removers); and some equally useful household presents all make this a good choice for thosa anxious that some of their annnal spending binge goes to a good cause.

The larger catalogue is—you bave guessed it — for larger presents. There are sturdy garden lanterns, jolly golf umhrellas, plate-warmers, compect travelling irons, and a lively soft Jessica Doll, just right for a favourita godchild, at £35.

You too may go to the ball

This, in case you have not noticed, is tha year when it became quite the thing to go to a ball in somebody else's dress. It is the year when dressing-up in the grand manner came back in vogue. It is the year when anybody with a gilt-edged invitation on their mantelpiece, whether to a hunt ball, a deb dance, or the local hop, at last had an alternative to the gown department of the local store. It is the year the dress hire companies came into their own.

Time was when Moss Bros had the field to itself. A more perfect example of the deficiencies of the monopoly system I have yet to see. The only time I tried to hire from Moss Bros I was never allowed to see into the hallowed room where the stock was kept. One at a time a fusty dress was brought out for my inspection. Each time, as I shook my head, I could see the assistant giving me the look she reserved for the sort of customer she had hoped never to meet.

Today, running a hire company has become a glamour business. Pretty young housewives hire out dresses to their friends. Ex-debs, perfectly attuned to the demands of the busy social whirl, buy tha sort of dress they would like themselves and hire it out by the night. It has become fun, it has becoma fashionable, and when a designer dress can cost anything from £300 upwards it makes perfect economic sense as well. For the price of one dress you can go to six different balls in a different (hired) dress each time.

Not everybody who hires has a demanding social calendar. For some the invitation comes, Cinderella-like, but once a year; it makes much better sense to hire an up-to-date number each time rather than to lash out £300 or £400, knowing that by the time the next invitation comes round tha dress will be ont of fashion.

Then there are the exigencies of this year's craze for theme parties. From Dallas and Dynasty parties to the gold and red dreamed up by the organisers of the Birthright Ball, few wardrobes can cater for them all.

If you feel squeamish at the thought of wearing a dress that does not belong to you, all the companies assure me that every dress is washed or dry-cleaned between each hiring. All also include minor alterations, like putting hems up or down or adjusting shoulder straps, in the hira price.

For those who believe that behind every embossed invitation there is a woman with nothing to wear, here is a list of just some of the companies that will help yon to be the belle of the ball for the night.

● **One Night Stand, 44 Pimlico Road, London SW1. Tel. 01-730 8708.**

Joanna Doniger, described by e fellow journalist as a cross between "a deb and a schoolmistress," started One Night Stand when a girlfriend with a grand hall to go to, and nothing to wear, came to ber in last-minute desperation. Like a true entrepreneur Joanna Doniger sat down, mada her a dress and hired it to her. The business was born.

The success of One Night Stand rests on Joanna's firm helief that what women most want from e hire service is — choice. The showroom is a testament to that conviction — there are some 40 gowns to choose from; two long rows, leden with dresses of evary conceivable type, in a myriad of colours and fabrics.

Many of the designs are Joanna's own creation—several bave elasticated waists so that they can fit a wide range of sizes.

There are designer dresses from Jasper Conran, Janica Wainright, Lorcan Mullany, Frank Usher, John Charles and Anneliesa Sharp to choose from. There are glittering sheats, soft, romantic, full-sleeved ballgowns, elegant little nothings of exquisitely draped silk jersey and a wildly dramatic number consisting of a strapless top, bell-shaped skirt slit up to the knee and huge puff sleeves hired to a girl aboot to fly to a bal in Seattle.

Besides the dress, One Night Stand will hire out the right piece of jewellery (£7.75 for a single piece, £20 for a set). Dresses cost between £40 and £50 for a single hiring but it is usual to let the customer have them from Thursday or Friday to Monday for a Saturday night ball. Minor alterations are included in the price.

A buga board keeps track of major events so that nobody ends up in a similar dress at the same hall.

Her dresses go to May balls and coming-out dances, to the big London charity balls and to country buose parties. She seems to be the first stopping-off point for teeoagers planning for that high point of the teen season—the Feether's Ball in late Decemher. Already eight red and gold dresses have been booked for this month's Birthright Ball at the Albert Hall, and customers are coming in now for Hurlingham's Christmas dance.

For the best service and attention you should make an appointment first. One Night Stand is normally open from 9 am to 5 pm during the week, and from 10 am to 3 pm on Seturdays.

Top left: Helen Myers of Cinderella fitting a customer with a favourite pink and black spotted evening dress. Right: Ruched strapless taffeta from One Night Stand makes one customer happy

● **Simpsons Dress Hire at Moss Bros, Bedford Street, Loodon WC2. Tel: 01-240 4567.**

Posy Myers and Richard Callaghan used to run Simpson's Dress Hire from "somewhere in Fulham," but now bave the concession at Moss Bros. The dresses are all designed by Posy, and all are made specially for Simpsons: some 10 different styles in six different fabrics—mainly pleins. There is lace and tissue lamé, silk dupion and sbot taffeta, moiré taffeta and satin. This year's runaway success is the one shoulder style made famous by the Princess of Wales on her last Australian trip, but the strapless sheath is a perennial favourite.

I wandered in to look at the range without an appointment; this was not altogether well received. It took some persuesion to get the girls to let me browse through the rails. So if you want plenty of personal attention, do make an appointment first. My impression was that the selection was limited; febrics were almost all plain, and the designs much of a muchness. No doubt this is because all the dresses are Simpsons own design. Hire companies that buy in from a wide range of designers seem to me to offer much more scope.

There is also a small selection of fur wraps (£35 a hiring) and there will soon be soma velvet cloaks (also about £35), which will solve a few problems for those so underprivileged as not to have a "family fur" to borrow.

Prices for hiring a dress range between £35 and £60 a hiring. If you like a style but do oot see it in the colour you want it can ba made up specially—but the cost of the biring is then £90, which seems to me outside the sum that I would consider sensible to spend on a ooe-off evening.

● **Just for the Night, 9, Townsend Avenue, St. Albans, Herts. Tel. 0727 40759.**

St Albans, it appears, is a bive of social activity. Cheryl Matthews got the idea for starting her hire business when she and ber friend Lynette Tominey looked at what it cost them to dress for their improbably busy social round.

Just for the Night has been such a success in St Albans that Cheryl Matthews is busy setting up franchises as fast as lawyers can deal with the contracts. The first one is already open at 55 Queen's Road, East Grinstead; Northampton opens next week; others are in the pipeline.

Just for the Night charges £35 for the bire of a dress from Thursday through to Monday, and asks for a £60 deposit. There are some 180 dresses for hire, ranging from a size 8 to a 22 (the widest size range I found). All the dresses are from established designers like Frank Usher; John Charles, Ronald Joyce and others. New designs are coming in all the time, so that no customer need feel sha has seen everything before.

Like most of the other hire shops, Just for the Night prefers its customers to make eppointments, but usual opening hours are from 9 am to 5 pm on weekdays and from 9 am to 12 noon on Saturdays.

● **Hetherington, 289 Kings Road, London SW3. Tel 01-351 0880.**

Though Hetherington's does not insist on an appointment (you can wander in between 10 am and 6 pm, Monday through Saturday), if you would like some personal attention you would be wise to book first. You can make an appointment as early as 8.30 in the morning, which is useful for those who work normal office hours.

Sacha Hetherington's main business is selling dresses — glamorous ballgowns, cocktail dresses, and dressy day wear as well. You could buy one of her colourful creations for anything from £150 to £500, hut for tha price we felt thet though the colours and fabrics wera lovely, the making-up was on the sboddy side.

The hiring department is downstairs and much smaller, and the choice of clothes more limited. Silk dupion seemed the most prominent material but there were also some dresses in moire, taffeta, Shantung and some in acetate taffeta. Hetherington's will not accept a hooking more than two weeks in advance, which could make some feel uneasy.

There seemed to he two moin styles—largely dictated by the demands of hiring, which require that they should adapt easily to as wide a range of women's figures as possible. Firstly, there was the dress with a bodice which laced up the back and o skirt that was neither full nor yet slim. My spy thought this rether messy to look at aod was sure she would not feel secure in it. But she did like the collection of mix and match bodices, skirts, jackets and sashes in bright jewel silks. On the wbole she felt thet most of the dresses seemed to fall between two stools; neither full, glamorous ballgowns nor slinky, elegant numbers. She felt Hetherington's hed more to offer the younger market than older, more sophisticated women.

Prices range between £35 and £45 to hire: expensive, considering that there are no designer labels; and there is a £100 deposit as well in case the dress is spoiled.

A useful service to note is that Hetheringtoo's will dye silk sboes any colour you like, for £10. It also sells some lovely hats, shoes, jewellery, bags, masks, sasbes and belts.

● **Cinderella, 3, Egliston Road, Putney, London SW15. Tel. 01-789 8317**

Cinderella is run by Helen Myers, who used to design and make for Anastasia, the children's shop in St Christopher's Place, London. Helen's main market seems to be smart young marrieds reluctant to lash out on a lavish ball gown for just one evening, or quite social, richer women who go out all the time and do not like to be seen in the same thing twice.

Helen runs Cinderella from her home. This gives it a special atmosphere—you try the clothes on in the warmth of a lovely house instead of in a busy, and possibly cold, shop. She seems to have excellent taste and a good eye for what will suit each client.

She stocks mainly designer clothes from people like Chris Clyne, Caroline Charles, Chelsea Design Company, John Charles, as well as some antique dresses, and a few wedding dresses by Peter Ellis. All the clothes looked newish, clean and beautifully pressed. There were about 180 dresses in stock and the choice seemed large. This year's mood, Helen Myers says, is for sbiny materials, like the metallic golds, reds, blues and greens used by John Charles. Always popular, too, are the full-skirted ballgowns.

The cocktail dresses and ballgowns cost £25 (plus VAT, totalling £28.50) to hire, and the wedding dresses ("beautiful and fresh-looking" said my researcher) are £40.

L. v d. P.

Cookery

Easy livers . . .

GLORIOUSLY rich tasting, yet gloriously cheap, chicken livers are a little luxury the poor cook can afford. I use them a great deal, wbether I am feeling rich or poor, not only because they are delicious, but because they are so agreeebly quick and easy to prepare and so versatile in their uses. A couple of 8 oz tubs take up next to no room in the freezer and are remarkehly reassuring to have on band.

Chicken livers wrapped in bacon and grilled maka a favourite traditional savoury. Skewered on to cocktail sticks, these *bonnes bouches* are good to nibble with pre-dinner drinks.

Chicken livers are invaluable for pâtés, used alone or in conjunction with other meats; they add distinction to ragu-type sauces for lasagne and other pasta dishes; and they combina well with rice. A simple pilaf I make regularly consists simply of a few chicken livers stir-fried quickly with plenty of red and green peppers, mixed with lots of plain hoiled rice and just a few plumped-up raisins.

Chicken livers are excellent sautéed, mixed with gently warmed grapes and piled on to thick, soft rounds of fried hread. For another little lunch dish I sauté chicken livers, pile them on to a larga green salad and sauce them with the pan juices deglazed with a jigger of sherry.

CHICKEN LIVER STROGANOFF
(serves 4-5)

Whether made the classic way with best steak or cheaply as here, Stroganoff is best served as soon as cooked, straight from the pan—a hetter choice for an informal meal than a dinner party. Mnch as I love Greek strained yogburt, and normally advocate using it, I think soured cream and ordinary yoghurt are better here.

1 lb chicken livers; ½ lb cap mushrooms; threa smallish onions; ½ pt soured cream; 3 tablespoons fairly acid yoghurt; unsalted butter.

Heat a larga cast iron frying pan. Add a scant ½ ounce of hutter and tilt the pan so tha butter runs sizzling all over the pan base. Add the mushrooms and sauté them over a high heat for five minutes. Remove and keep bot.

Add another ounce of butter to the pan, then the onions, very thinly sliced and pushed into rings. Cook very gently indeed for 15 minutes or so until softened beautifully. Meanwhile, beat the soured cream and yoghurt together with a very generous quantity of salt and pepper, trim the chicken livers and pat them dry with kitchen paper towels.

Take the onions out of the pan (letting all the buttery juices drip back into the pan) and keep hot. Turn the pan heat up and santé the chicken livers for about three minutes until they are tinged with a brown crust hut remain tender and pink within.

Add tha soured cream mixture to the pan, also the mushrooms and onions. Let the sauce bubhle up and cook for a few minutes until it is very hot, slightly reduced and thickened. Stir and turn tha ingredients occasionally during this time to coat each piece with a little of the creamy sauce. Serve straight away with boiled rice and perhaps steamed spinach.

CHICKEN LIVERS WITH PRUNES AND CIDER
(serves 2)

Californian pitted prunes need no stoning, of course, and seem particularly tender. After soaking for 4-6 hours, I find them so soft and swollen that they do not really need cooking at all, just beating through. This dish was inspired by the famous pork and prune recipa from Tours and could very well be made using Vouvray instead of cider.

Eight prunes; quarter-pint cider; ½-lb chicken livers; redcurrent jelly; unsalted butter; about five tablespoons Greek strained yoghurt, generously seasoned with salt and pepper.

Soak the prunes in the cider for 4-6 bouts. Then, hring them very slowly to simmering point, cover, and simmer very gently for five minutes or so until the fruit is perfectly teoder and hot. Drain and keep it bot. Reserve the cidery liquid separately.

Using a 10-12 in frying pan, santé the cheiken livers in the butter until they are crusty and brown on tha outside hut still tender and pink within. Remove them and keep them bot.

Add the cidery prune liquor to the pan and stir to scrape meaty sediment off the pan base. Then, add a rounded teaspoon of redcurrant jelly. Let it dissolve, then let the liquids bubble up and reduce a little until satiny. Stir in the well seasoned yoghurt and leave to bubble away, stirring just occasionally until thickened to a smooth, rich sauce.

Quickly draw the pan away from the heat. Check seasooing. Add the prunes and chicken livers. Mix quickly, then tip tha contents of the pan on to a bed of shredded lettuce with watercress sprigs. Gernish with triangles of fried bread and serve immediately.

Philippa Davenport

When agents' signs outstay their welcome

DO ESTATE agents' boards sell houses? Most agents say yes and fight to get their names outside a property, however many disfiguring and unsightly signs already are propped up there.

"They are a highly effective method of property promotion," insists Leo Thompson, chairman of Stimson, Black Horse Agency with its head office in Watford, Hertfordshire. "A prominent, pleasantly designed board is not unsightly. We have sold thousands of propertiea to people who have been introduced to us from a sale board."

Chestertons, the London agent, also believes strongly in boards. "There is no doubt they sell properties," maintains marketing director David Thorley. "The visual impact can often draw a potential buyer's attention to a particular property which otherwise might not even have been considered."

That is a view not held by David Hall of John German in Mount Street, London, W1. He feels that—in London, anyway—it is questionable if boards actually sell property or act just as an advertising medium for the agent; and he thinks they can physically detract from the actual sale value of a house.

"When someone buys a property, they do so with a preconceived picture in their mind of what it will be like to actually live there," he says. "If their first impression is of a sea of boards, then that is the one most likely to remain.

"Boards ruin the visual impact of our streets. For instance, the white stucco terraces of the Ladbroke Grove area are hidden behind a multitude of differently designed, multi-coloured boards, making these elegant houses look dreadful.

"And although a board immediately announces to all and sundry that a property is on the market, it can also mean the place is empty, which can encourage squatters and burglars," he adds.

If boards must be used, then he suggests standardisating them to make them smaller and all in the same colours. "At least, the effect on our fine city would then be reduced to the minimum."

The more up-market the district, the fewer boards you are likely to see, says Tony Lassman of Lassmans in Old Bond Street, London W1. According to him: "Within the prime central London area, an agent is not judged by the number of boards on display. But once you get to Hampstead, it is a different story. There is a great deal of aggression there. Some boards are genuinely offering properties for sale but others go up on blocks of flats by means of fly-posting—the term used where boards are placed on buildings where nothing is actually for sale."

The number and size of boards are subject to Town and Country Planning (Control of Advertisements) regulations but it is obvious that many local authorities have not got around to enforcing them, although High Wycombe and Richmond have prosecuted some offending agents.

Basically, the regulations restrict each sale or letting to one board not exceeding 2 sq m in area, or two joined together which are not more than 2.3 sq m. They should not project more than 1m from the face of a building, or be lit up. And unless express consent is given, the sign has to be taken down "within 14 days of the conclusinn of the event"—in other words, when a place is sold.

In Kensington, west London, the local authority is considering a trial requiring planning permission for all displays of advertising, including "For Sale" boards, in certain selected areas. The Environment Secretary will have to approve such a step but, if he does, boards will effectively be banned for all sales and lettings in those areas other than developments where agents can plan months ahead and apply for permission.

William Lambourne, managing director of Speedway Signs, one of the major contractors for boards, says it is trying to be responsible over the whole busioess. "Until now, we have waited for an order to take down a board from the agent concerned. Now, we are trying to institute a system where, after 12 days from the 'Sold' sticker going up, we will automatically remove the board."

Most boards are wooden and are owned by the contractors. Generally, they cost between £20 to £40 apiece to hire, depending on the size, quality and number required. But over the past year Chestertons, for one, has beeo using Foamex boards, which it has bought for more than £100 each. They look good, but there are some snags: at present they can only be pole-mounted; being light, they can blow down; and there have been problems reproducing the firm's "house green" on them.

What are the professional bodies doing about reaching a compromise between the need to sell, and aesthetics? Surely they could rap their members over the knuckles about indiscriminate use?

The National Association of Estate Agents is trying to stop "Sold By" boards being erected before contracts are exchanged but the Royal Institution of Chartered Surveyors is not too happy about the use of planning law to control boards, as it thinks this might set an undesirable precedent and would not be effective. A warning has been given to members, though, that there should be careful supervision so as to avoid "accidental contraventions."

Amenity societies have been the most active in trying to get something done. Two years ago, the Hampstead Conservation Area Advisory Committee distributed a leaflet called *Estate Agents' boards can spoil your property and your community.*

More recently, CLASH (Campaign to Limit Agents' Signs and Hoardings) was set up to try to have more restrictive regulations introduced. It considers present legislation to be inadequate and is pressing for much stricter controls.

One solution to a "Sold" board that outstays its welcome could be to charge the agent rent and tell your solicitors to deduct it from the commission.

June Field

Left, an elegantly furnished five-bedroom, three-bathroom house in Sheffield Terrace, London W8, built for Queen Victoria's ladies-in-waiting, is for rent at £1,000 a week through Callander Wright (01-581 8431)

• TRAVEL •

If a ski shop gets cross, go elsewhere

THE FIRST snows are reliably reported to have fallen in the high valleys of the Alps. Another ski season is with us. Another year of snow, probably too much of it, gluhwein, and always too many expenses. My spies in the foothills describe trees thick with berries, squirrels burying more nuts than usual and hibernating creatures seeking deeper nests—all signs of fierce weather to come.

For the equipment and clothing manufacturers Christmas appears to have come early. If bookings so far are any indication more Britons than ever will head for the slopes, a surprising number after spending a substantial amount in the ski shops sprouting in British high streets. When Marks and Spencer and Asda move into ski-wear it can no longer be a minority sport.

As far as basic equipment is concerned the story this season should surely be "The search for the perfect ski." Every manufacturer, it seems, is dedicated to promising that there is at least one ski in the range which will do everything

Ski makers have moved a long way in recent years. Much of the effort has been aimed at producing a good recreational ski light enough to handle and flexible enough to turn, and yet firm enough to hold on ice and dampened sufficiently not to vibrate at speed.

Various systems have been devised. Dynastar has its "Omega" construction which gives a firm under-boot area, but soft tip and tail, and aims to overcome vibration with strange bubbles on the tip which direct the airflow.

Spalding, after tip-capsules filled with mercury, has produced a fine dust filling which is said to dampen down the ski. Rossignol has removed the tip from some of its models and fitted a plastic framed window.

I tested the new Rossignol Opens recently with considerable doubts. They look odd and are extremely light. They are none the less, a delight, very easy to move and surprisingly secure when pushed quite quickly. Apart from the strange window front they have buried in their cores a strip of vibration dampening belting which, for reasons that defeat me, seems to work.

They are an excellent all-round ski, but of course they are not perfect. Skiing on them is a bit like driving a Ford Escort with power steering and an automatic gear box—it is not easy to make a mistake but many people would not call it real driving.

Most British skiers would probably not require anything more demanding. We who rarely have the good fortune to spend more than a couple of weeks on snow each winter may reach the dizzy heights of advanced recreational skiing but not often much more.

For that central market I would choose from the Rossignol Opens (particularly for soft snow), Blizzard Quatros (excellent on piste but problems in sticky deep stuff), Dynastar Omesoft K (a fun ski in the moguls) and Atomic SP9 (which I have not tried but which others commend). The bad news is that prices for these range upwards from £165.

Ski boots are not much cheaper now that they have become high-tech. A decent pair for a competent skier is unlikely to cost less than £100, although there are intermediate boots at around £60 to £75. At the top of the range the price will be more than £150.

Boots are a highly subjective subject. I have skied on Salomon SX90s for a few seasons and, apart from a little trouble thanks to my high instep, felt they were deservedly Britain's best-selling boots. They ought to be good, they cost enough when I bought them in a Swiss ski resort.

I recently traded up to SX91 Equipes but, since I keep them adjusted on fairly soft flex, they are wasted on my standard of skiing. Just because your boots are bright red does not mean that your skiing improves. I should have saved £20 and stuck to the SX90 replacement, the 91.

Beware of anyone who says a particular boot is "best," it may not be for you. I would urge anyone buying boots to try on several models and spend a long time tramping around the shop before coming to a final decision. If the shop gets cross about this, go somewhere else. You are going to wear them, not the assistant.

The basic essentials, apart from overall comfort, are that you have room to manoeuvre your toes and that your heel is held firmly down. Too much space at the front of the boot is not a particular problem. Most of my own foot advice comes from Snow and Rock, the ski store in London's Kensington High Street.

I have left to last the item which should really come first—bindings. The reason for that is that I really do not want to become involved. Binding design these days is so complex, the claims so grand, and the implications so serious, that real expertise is required. See your dealer and get them to explain the difference in the Salomon, Look, Morker and Tyrolia ranges.

All I would say is that it is worth getting the best bindings you can afford, and to have them serviced regularly. Make sure you are entirely happy with putting the things on and taking them off. After you have lost a ski in deep snow is no time to discover that the bindings are not as easy to re-attach to your boot as you thought.

Arthur Sandles

Suited in murks and pastels

A COLLEAGUE from one of the more trendy journals complained bitterly to a ski wear buyer in a store recently that most of the clothing was totally unsuitable for press photography these days. "It is all those pastel colours." They look terrible in black and white. I see what she means. They look even worse in black and pink.

Murks for men and pastels for women remains the theme for the coming winter on the slopes, however bad they appear in print. And the one-piece, for all the problems it gives its wearers in the use of mountain top "facilities," marches on. What also marches on is the impact of newer materials.

Goretex, the weatherproof material heavily used by top-of-the-range manufacturers of true sports wear (as opposed to fashion wear), has been softened a little: more manufacturers are using the much softer (and considerably less weatherproof) Tactel. Everyone is using much thinner fillings, abandoning the Michelin-man look of the early 1980s.

On the left, unisex ski pullover from Luhta and Benger, styled to combine with a day ski outfit as well for apres-ski; on the right, one-piece ski suits from Steinebronn of Germany in a woven "Tactel" fabric from Rotafil

In the broadest terms, ski clothing echoes the fuller cut of current high street fashion and has moved towards a co-ordinated look, for both men and women, away from separate top and pants. Ski suits are either all-in-ones, or so co-ordinated as to look as if they are all in one.

Offerings fall into four main section: high fashion; fashionable but functional; inexpensive and functional; and dual purpose ski/high street wear. It is into this last market that the Marks and Spencers and Asdas of this world have entered.

In the high fashion end of the business I would include brands like Ellesse, Bogner (which this year has gone for wide shoulders and a closer cut than most of its rivals), and Daniel Hechter. If you are not prepared to start thinking around £200 for a basic ski suit, then look to other names.

At the risk of upsetting the above-named, I suspect skiers more dedicated to the sport than their image at the tea dance will turn to Berghaus, Tenson, Descente, Killy, Event and Degre 7. It is among these brands that you will find extensive use of the newer water-repellant (if not water-proof) materials, and thin but effective insulation.

Again, such products do not come cheap. A Berghaus suit can set you back £229; a Tenson jacket £129. But for that money you are getting something that will really see off the mountain chills as well as looking good.

In the same price range, and somewhere between practicality and high fashion, I would place the products of HCC and Head.

Three names seem to dominate the more modest end of the real ski clothing market (as opposed to street wear which might be useful on the slopes). They are Luhta and Story (with Finnish) and C and A.

Luhta is seen most of all: justifiably so. This Finnish manufacturer has managed to produce ski wear which not only look good but performs very well on the slopes. The look tends to be very close and floppy, with lots of whites, creams and vaguely grey pastel colours. Luhta is a heavy user of ICI's Tactel fibre.

The one drawback with this clothing is that it is hardly water-repellent let alone waterproof. It is fine in snow, but not terribly good if snow turns to drizzle or sleet. A complete suit is around £100 and a jacket about £70.

The C and A range this year is something of an improvement on the past two years; well worth looking at now that the legendary source of budget-priced ski wear has come to terms with new fabrics and fashions. A particular C and A bargain is gloves. Move in quickly. C and A tend to sell out of particular ranges quickly.

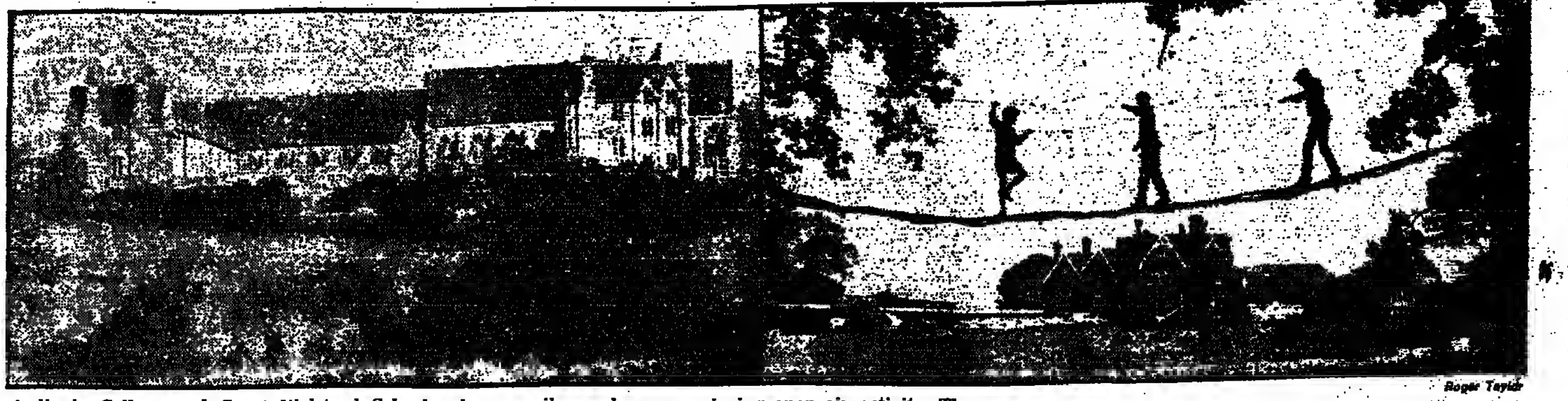
Such is today's demand for ski-wear that several new stores have opened. One old outlet with something of a new look is Lillywhites, which is taking a much more aggressive stance in the ski business this year. It has one thing that most of its rivals sadly lack — space. I am much less impressed by another former leading light in the ski-wear business: the Youth Hostel Association shop in London's Covent Garden. It seems to have lost its zip; only temporarily, I hope.

If you are buying ski clothing for the first time it is worth remembering the first rule: many thin layers are better than a few thick. Alpine weather conditions change from hour to hour. It is far better to be able to take off a thin shirt or two, or unzip a jacket, than to sweat in a thick roll-neck.

A. S.

·WEEKEND FT REPORT·

Independent Schools



Roger Taylor

Ardingly College and Great Walstead School, where pupils can be seen enjoying open air activity. These two Sussex schools are among the 2,000 plus independent schools in the UK

Future depends on better guidance for parents

In this two page report, MICHAEL DIXON, Education Correspondent, looks at how independent schools are increasing their share of the market through offering better value and improved marketing techniques

A CONSTANT theme of Sir Keith Joseph's statements as Secretary for Education and Science is that education must give better value for money. He repeats it so often that be is clearly far from satisfied that schools, colleges and universities in general are taking the message to heart.

There is one sector of education, howevar, which needs no reminders from ministers of the importance of cost-effectiveness—the UK's 2,000-plus independent schools. While the fact may not be readily apparent to some parents hard pressed to keep pace with continually rising school fees, the independents are increasingly concerned to offer better value even though they are now operating in a comparatively favourable climate.

Indeed, a casual observer might well conclude that the fee-charging sector of education has good reason for merely resting on its laurels. Having survived the discouraging policies of the 1974-79 Labour Government with its share of the UK's school-aged population intact at about 6 per cent, the sector is now evidently more than maintaining its position in the market.

In the 1,318 fee-charging institutions surveyed both this year and last by the Independent Schools Information Service (ISIS), pupil numbers grew over the period from 417,020 to 419,350. At a time when the total population of schoolchildren in the country is diminishing, an improvement even of 0.6 per cent in the independent schools' rolls is a considerable achievement. Moreover it coincided with an average increase in the schools' fees of 7 per cent.

While the view from the outside may suggest that the fee-charging sector's prospects are rosy, many people on the inside think differently. A lot of the schools have come to suspect that they are liable to face difficulties in the fairly near future and are consequently trying hard to sharpen their management.

To the casual observer, for instance, it may appear that much of the sector's present success is due to the Conservative Government's assisted places scheme which subsidises the fees of academically promising pupils from state schools who are accepted by approved independents. According to the ISIS surveys, the number of boys and girls receiving aid from the scheme rose between 1984 and 1985 from 14,434 to 20,023.

The inside view, however, is that it would be foolhardy to bank on further large-scale expansion of assisted places. The 5,589 increase over the year in the number of children helped by the scheme has anyway to be set against a 3,250 decrease to 10,492 in the number whose places are paid for by local education authorities.

What is more, the 30,515 being aided by central and local government combined are outweighed by the 40,785 receiving assistance from the individual schools themselves and the 5,585 with subsidies from other sources.

Another reason for the pursuit of more effective management is the argument put forward by a report from the Deloitte Haskins and Sells management consultancy late last year that relatively small increases in the fee-charging sector's pupils rolls will not be enough to secure its future. If it is to avoid decline, the consultancy calculated, it needs to raise its share of the total UK market for schooling from 6.2 per cent to 7 by 1993.

The report suggested that whether or not the independents met the challenge successfully would depend most importantly on their marketing. They needed to conduct research to identify the origins of inquiries from parents about the school, the aspects of education in which they were most interested, and the differences between prospective customers who decided in favour of the school and those who sent their children elsewhere.

In addition, parents should be offered supporting services including counselling on ways of minimising the burden of paying fees.

On a wider scale, individual schools should join in a general public relations effort to co-operate with their counterparts in the state education system and to demonstrate to the public the fee-charging sector's contribution to society at large. As the foundation of the improved marketing effort, standards of teaching, equipment and so on should be kept under continuous review and upgraded whenever possible.

Even so, the management consultancy said, there was also a need for tighter financial management. To ensure their continued success, schools in the sector must establish clearly defined structures of responsibility and keep their operating costs under systematic control.

The extent to which a good many independents need to concentrate further on financial control is questioned, however, by Mr John Garton Ash of the accountants MacIntyre Hudson in London, who heads a team specialising in providing advice on finance and tax to fee-charging schools.

Although he has close knowledge of only a relatively small number, he believes that the sector's financial management has in general improved considerably over the fairly recent past.

"In the days when the schools tended to be run by owners who were first and foremost teachers, they were often strong on education but weak at managing their resources. But increasingly, particularly with the move to set themselves up as charities, they have appointed boards of governors including people with very good business experience."

Mr Garton Ash's belief that independents are as a rule controlling their expenses adequately is supported by a survey MacIntyre Hudson has made of the operating costs in the year to August 1984 of the schools within its purview. These are mostly preparatory schools catering mainly either for boarders or day pupils. But they include enough senior boarding schools to furnish comparative data for them also, although not for senior day schools.

The average costs in 1983-84 among the schools of each of the three types—senior boarding, preparatory boarding, and preparatory day—are set out in detail in the accompanying tables. The figures given relate only to costs which MacIntyre Hudson considers fully comparable in the sense that they are unlikely to be substantially altered by an individual school's circumstances or location. They consequently represent only a part of the total costs, even though the largest part.

In total, the average fully comparable costs in the senior boarding schools amounted to £2,185 per pupil, accounted for 71.2 per cent of total income from general fees (excluding income from endowments and so on), and were up by 8.8 per cent on the level of 1982-83.

The corresponding figures for preparatory day schools were £998.9 per pupil, 76.3 per cent of general fee income and 7.7 per cent higher than in the previous year. In the boarding prep schools they were £2,129 per pupil, 69.9 per cent of general fees and up by 6.7 per cent.

As a rough idea of the average extent of other, far more variable costs such as rates, fuel, lighting, etc, Mr Garton Ash estimates them at about 21 per cent of general fee income in the senior boarding schools, 10 per cent in the preparatory day schools, and 19 per cent in the preparatory boarders.

He says that in the prep schools concerned at least, for which he has comparative figures going back many years, the costs have long been contained at a satisfactorily steady proportion of general fee income. For instance, in one of the preparatory boarders even as long ago as 1933-34 when there was no National Insurance the total of salaries and wages represented 48.1 per cent as against 48.6 per cent half a century later.

Besides evidently containing their costs successfully, he adds, the schools he keeps watch on are wisely investing their surpluses—which of course vary greatly depending on their endowments and suchlike. "From what I can see they are in general building themselves for the needs of the future, which is my idea of good management."

Moreover, even where an individual school's spending on some particular item is well above the average among the generality of schools of the same kind, that is not necessarily a good reason for criticising its efficiency.

"Salary costs, for example, can be affected by policy on the size of classes, the variety of sixth-form courses offered, or the extent to which extra activities are treated as part of normal school curriculum met from the termly fee rather than extra charges.

"Such policies would affect the salary costs per pupil, and excesses over tha average may in some cases be regarded as cause for congratulation rather than criticism if they can be satisfactorirly explained."

Average "fully comparable" costs

IN SENIOR BOARDING SCHOOLS—1983-84

	£ per pupil	As % of general fee income	% change in cost per pupil on 1982-83
Salaries—teaching	993.3	36.3	+9.2
—others	142.2	5.2	+10.3
Wages	250.2	7.1	+4.6
National Insurance	128.5	3.6	+13.1
Catering—provision	327.6	9.3	+5.7
—wages	151.2	4.2	+10.9
Books and teaching materials	98.4	2.8	+14.3
Games and entertainments	38.4	1.1	+8.2
Laundry	31.4	0.9	−0.9
General expenses	24.6	0.7	+35.2
	£2,185.8	71.2	+8.8

IN PREPARATORY BOARDING SCHOOLS—1983-84

	£ per pupil	As % of general fee income	% change in cost per pupil on 1982-83
Salaries—teaching	926.0	31.9	+9.9
—others	228.3	7.8	+4.2
Wages	287.0	8.9	+8.5
National Insurance	126.0	3.9	+8.1
Catering	359.0	11.1	−0.4
Books and teaching materials	59.1	1.8	+8.8
Games and entertainments	31.0	1.0	+5.4
Laundry	30.4	0.9	+3.1
General expenses	82.9	2.6	+2.6
	£2,129.7	69.9	+6.7

IN PREPARATORY DAY SCHOOLS—1983-84

	£ per pupil	As % of general fee income	% change in cost per pupil on 1982-83
Salaries—teaching	642.5	49.1	+9.3
—others	57.9	4.4	+5.7
Wages	83.8	6.4	+2.0
National Insurance	59.7	4.6	+5.3
Catering	77.9	5.9	+7.9
Books and teaching materials	35.4	2.7	+17.6
Games and entertainments	19.3	1.5	+3.2
Laundry	0.8	0.1	—
General expenses	21.6	1.6	−12.2
	£998.9	76.3	+7.7

Independent Schools

Marketing

Selling the need for wider skills

MARKETING is becoming a key concern in many independent schools facing the challenge of at least maintaining their rolls while the UK's total school-aged population continues to fall. But numerous heads and their senior staff are finding that how best to market education is a complex question, and one which is likely to become even more so as society adapts to new technologies.

To start with, education is fundamentally more complicated than the hulk of products on the general market. The one which possibly most resembles education is pet food, in the sense that in both instances the creatures actually consuming the product are usually not the same creatures that pay for it.

Just as, to prove successful, a pet food has to win the acceptance of both the pet and its owner—who will normally judge it by different criteria—so has independent schooling in the case of both the pupils and their fee-paying parents.

If a school is to discharge its responsibilities properly, however, the education it provides must not only be nutritious to the pupils during the time they are in attendance. It must also supply them with the basis for living and working satisfyingly in later life. Consequently, at a time when patterns of employment are subject to radical change, schools wanting to remain successful need to try to look a long way ahead—considerably farther than parents are typically inclined to do.

In seeking to identify the needs of children whose adult years will be lived in a different kind of society, a good many schools have decided that marked changes are also required in the type of educational product they offer.

While the time-honoured kind of schooling concentrating on attaining high standards in academic studies will continue to be essential, it will no longer be even nearly sufficient. Besides being trained to use their intellects rigorously, pupils will need to be developed in a range of other abilities. These include not only "computer literacy" as well as proficiency in traditional reading, writing and numbering, but the practical skills of making and doing things including using foreign languages as tools of communication as distinct from just appreciating them as expressions of culture.

Adding breadth to their teaching in that way of course has implications for the independent schools' finance management, since it means finding the money to provide extra up-to-date equipment. But that, to judge by comments from the fee-charging sector, is often proving less of a difficulty than achieving another change implied by the same aim.

Developing pupils in a wider range of abilities also means creating sufficient time to do so in the school's teaching schedule, which can only mean reducing the concentration on purely academic types of study. And although that is by most accounts winning the acceptance of the pupils who directly consume the schooling, in a good many cases it is apparently meeting resistance from the parents who pay for it.

Several school heads I have talked with believe that their most difficult marketing problem is that of winning full parental approval of changes to broaden the curriculum.

The resistance is by no means all due to the typical assumption by successful middle-aged adults that the education their children need must be essentially very similar to the one they had.

For many years now, and especially as the shortage of jobs for young people has worsened, people with their eyes open have seen clear evidence that children's life prospects depend more and more on their succeeding in the public examinations at 16- and 18-plus. Parents therefore have good reason for wanting their sons' and daughters' schools to concentrate on academic studies with exam-passing as a major goal.

Instead of being able to reduce the academic concentration as many schools would wish, they may well come under pressure to increase it further as a result of the Government's decision to introduce a new set of "Advanced-Supplementary" exams to be taken by more scholarly pupils around the age of 17-plus.

The A-S levels may lead some teenagers to continue studying a greater range of subjects into the sixth-form, but they will still be studying with a view to passing exams. By contrast there is a growing belief among heads and teachers that their pupils need more time to develop abilities which cannot be conventionally examined at all.

But the main cause of the resistance to broadening the curriculum in practical directions is probably the increasing insistence of employing organisations on exam success as a precondition of seriously considering young applicants for any work with desirable prospects.

Employers' use of academic examination passes as a preliminary screening device for selecting recruits for skilled work often conflicts with evidence clearly available on their own office- and shop-floors. An example lies in the recent report on a Government-supported study of the effect that new technology is having on the mathematical abilities required in people doing various kinds of jobs.

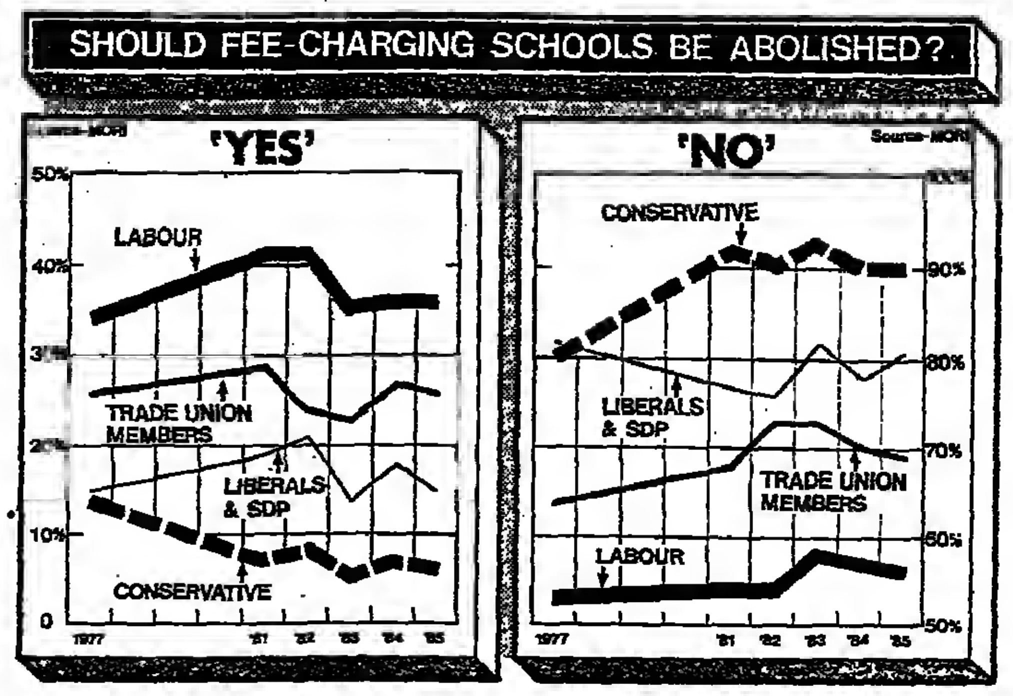
While confirming that the requirements are indeed changing, the study found that the technological developments rarely if ever created a greater need for the kind of mathematical abilities which are the prime focus of courses for exams such as Ordinary levels. Moreover, established employees even with little academic attainment had in general quickly acquired the new kinds of skill.

Yet managers in the organisations concerned mostly said they would be requiring higher academic attainments in future recruits for the jobs, even though they agreed that their present less formally qualified staff had largely coped easily with the changed mathematical requirements.

The ultimate key to the broadening of the fee-charging and other schools' teaching may therefore be willingness by employers to place less importance on exam success when selecting their young recruits. That, however, would still leave schools needing to find ways of circumventing the purblind attitudes of certain kinds of parents.

Take for example the independent school for girls which, with a view to getting its pupils to think about a wide range of careers, has started an industrial society. It is flourishing to the extent that a good many of the older girls are now keen to take up jobs which otherwise they might never have considered.

Unfortunately, when one of them went home in the summer holiday and told her parents she was attracted by a career in marketing, her father immediately replied: "But darling, think of the family. We wouldn't want you to be a *saleswoman*!"



MORI survey

Sharp division of views

WHAT DO the man and woman in the street think of the existence of a separate school sector catering for a minority of children mostly from better-off families? Even though Labour's long-standing threat to abolish private education has receded since the party lost power six years ago, the question still troubles teachers, heads and governors of independent schools.

The best answer available comes from the opinion surveys regularly commissioned by the Independent Schools Information Service from Market and Opinion Research International (MORI). The latest survey was carried out at 174 different points in Britain seven weeks ago, sounding the views of a total of 1,944 people all aged at least 18.

This year MORI's interviewers asked the passers-by whether they agreed or disagreed with the abolition not only of the fee-charging sector, but also of the state comprehensives which since 1979 have had their turn as a target for scrapping at the hands of the political right. It turned out that keeping the comprehensives—presumably in preference to returning to a system of separate state secondary schools for children of greater or lesser academic aptitude — had marginally more popular support than preserving the independents.

Where the fee charging variety were concerned, 20 per cent of all people questioned were in favour of shutting them and 74 per cent against it, the other 6 having no view either way. Dismantling the comprehensives was supported by 16 per cent and opposed by 77, with 7 per cent undecided.

When account was taken of the 1,944 people's differences in age, by sex and so on, it transpired, not altogether surprisingly, that the factor which most determined their attitudes to the independent sector was the way they intended to vote. The accompanying chart shows the views of the different parties' supporters in each of the years back to 1981 and in 1977 when the Social Democrat Party, of course, did not exist.

On the comprehensive schools issue—which the chart does not cover—the 1985 Conservative backers split 25 per cent in favour of scrapping and 68 against; their Labour counterparts 10 per cent for and 84 opposed, and Liberal and SDP supporters 17 per cent in favour and 79 against. Trade union members came out 14 per cent for and 82 opposed.

Another goodish indicator of attitudes was where the people stood in the Registrar General's socio-economic pecking order.

Again taking the issue of fee-charging schools first, in 1985 the proportion of abolishers among the top three classes (A, B and C1) was 14 per cent compared with 15 a year before. Preservers constituted 82 per cent as against 83 in 1984.

Among the C2 people, 20 per cent favoured scrapping and 74 opposed it, compared with 23 and 72 respectively 12 months earlier. The Ds and Es divided 26 for and 67 against (26 and 67 in 1984).

Getting rid of comprehensives was supported by 21 per cent of the 1985 As, Bs and C1s, and opposed by 74, which reproduced exactly the result in 1984. The C2s split 12 per cent for and 83 against. Rather more of the Ds and Es, 13 per cent, wanted comprehensives closed and only 76 wanted them retained. The previous year's D and E split was 15 per cent for scrapping and 78 against.

Of the various age groups the youngest, the 18- to 24-year-olds, showed the sharpest division of attitudes. A full quarter of them were for banning fee-charging, with 70 per cent opposed.

Liking for comprehensives was still relatively strong among the 25- to 34-year-olds, of whom 80 per cent wanted them kept even though 15 were for abolition.

The independents had 18 per cent abolishers and 78 per cent upholders in the 25-34 age group, 21 and 73 among the 35-44s, 17 and 75 in the 45-54s, 19 and 76 in the 55-64s, and 18 per cent for closure and 73 per cent against among the oldest group.

Entrants

The trend is towards day pupils

AS THE pupil population of UK independent schools has risen over the past few years, the character of that population has been changing. Like the rise, the change has been small in scale. But certain trends seem firmly established.

On the evidence of the annual reports of the Independent Schools Information Service, for example, the share of the total population consisting of boy boarding pupils has been falling. From just over 19 per cent in 1983 it declined to about 17.5 per cent at the beginning of this year.

The share taken by girl boarders, however, edged up in the first two or three years of the decade and now appears fairly steady at around nine per cent.

Even so the proportion of the whole made up by boarders of either sex has gradually given way to an increase in day pupils. Again since 1982, day boys' share has risen from well below to just over 40 per cent, and that of day girls' has climbed nearer and nearer to one third of the total.

Fees vary greatly, of course, with the repute and size as well as the type of school. It is not uncommon for the highest fee in the day-pupil division to exceed the lowest charges of the boarding institutions. Average fees are therefore at best only a very rough indicator.

Between 1980 and January this year, the average among the better known senior schools catering mainly for boys rose from £835 to £1,415 a term for boarders, and from £400 to £813 a term for day attendance. The corresponding rises in the equivalent girls' schools were from £714 to £1,233 a term for boarding, and from £345 to £644 a term for day pupils.

At the top of the preparatory division, boarders' fees went up from £617 to about £1,056 a term, and day-attendance charges from £292 to £638.

On the other hand, what was a marked trend not long ago—the influx of older girls into the sixth-forms of schools once exclusively for boys—seems to have faltered. The younger girls of today are less keen than their older predecessors to study for the 18-plus exams in what are still largely male preserves.

The reason, says Mrs Anne Mustoe, president of the Girls' School Association, is possibly that "the word has come back that most teenage boys are not at all like those beautiful young men who appeared on the television in Brideshead Revisited."

• BOOKS •

Oscar Wilde - a fresh hoard

MORE LETTERS OF OSCAR WILDE
edited by Rupert Hart-Davis. John Murray £12.50, 215 pages

SIR RUPERT Hart-Davis has, among his many talents, a wonderful ability to edit Oscar Wilde's letters. His principal collection of these came out in 1962; from it he made a selection in 1979. Now he adds 164 further letters, all benefiting from his extraordinary knowledge and skill in annotation. Like the previous gathering, these come from everywhere, from the Buffalo and Erie Public Library, the Historical Society of Pennsylvania, the Narodniho Musea in Prague, and from private collectors such as Mrs Donald Hyde (now the Viscountess Eccles).

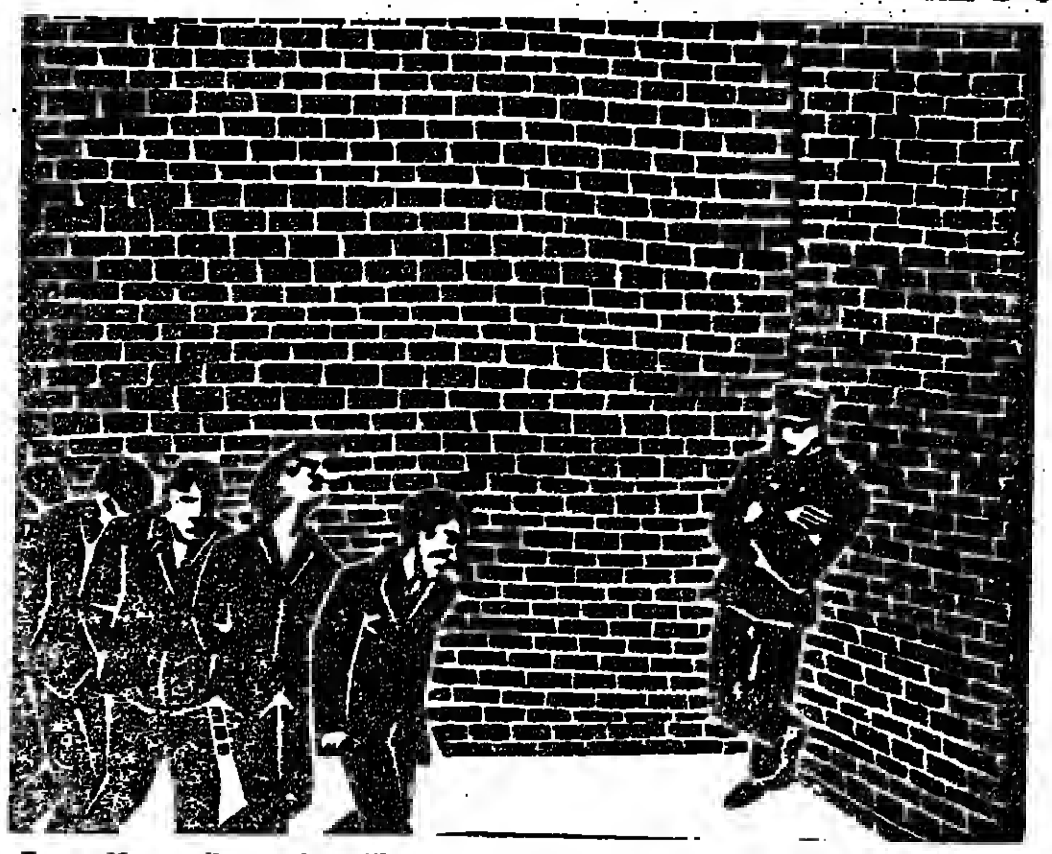
Lovers of Wilde — and the term no longer carries any opprobrium — will be delighted with the many small glimpses of his character, activities, and moods afforded here. For example, Sir Rupert has included a letter from George Macmillan, of the publishing family, who went with Wilde and Professor Mahaffy to Greece in 1877. Macmillan reports of his new acquaintance:

> He is aesthetic to the last degree, passionately fond of secondary colours, low tones, Morris papers, and capable of talking a good deal of nonsense thereupon, but for all that a very sensible, well-informed and charming man.

Wilde's mixture of extravagance and astuteness was already evident.

The new collection follows the main events of that high-pitched life. From his Oxford years there are two extraordinary finds. One is his complaint to the Vice-Chancellor's court, which had fined him £3 on a tradesman's unpaid bill of some £5. With an arrogance probably unparalleled in the history of that court, Wilde suggested that the court should be investigated by the University Commission. The other is his reply to the embarrassed Librarian of the Oxford Union, who had requested a copy of Wilde's poems and had then been forced by a vote of the membership to refuse the gift. Wilde accepted the Librarian's apology gracefully:

> My chief regret indeed being that there should still be at Oxford such a large number of young men who are ready to accept their own ignorance as an index, and their own conceit as a criterion of any imaginative and beautiful work.



Franz Masereel's woodcut illustrating an edition of Oscar Wilde's Ballad of Reading Gaol in 1924. Some letters from prison are included in the new volume reviewed by Professor Ellmann

Then he added:

> I must also, for the sake of the good fame and position of the Oxford Union, express a hope that no other poet or writer of English will ever be subjected to what I feel sure you as well as myself are conscious of, the coarse impertinence of having a work officially rejected which has been no less officially sought for.

From Oxford Wilde went on to London and then, on a journey that helped shape him, to the United States. From that country he wrote often to London friends. To the actress, Mrs Bernard Beere, he sent a letter presumably from Sioux City, Iowa:

> I don't know where I am, but I am among cañons and coyotes: one is a sort of fox, the other a deep ravine: I don't know which is which, but it does not really matter in the West . . . and I have lectured, and raced, and been lionised, and adored, and assailed, and mocked at, and worshipped, but of course as usual quite triumphant.

After a year he returns, goes immediately to Paris, meets Edmond de Goncourt and Zola, praises "the sinless master whom mortals call Flaubert."

There follows a period when Wilde is in England lecturing, applying for various inappropriate jobs, editing the *Woman's World* after changing its name from the *Lady's World*. He marries and has children. But his career takes on a new excitement at the end of the 1880s. Out of the blue the actor Lawrence Barrett offered to stage *The Duchess of Padua* in New York, and Wilde's old ambition to be a dramatist was reawakened. Soon he wrote *Lady Windermere's Fan* for George Alexander, and there is a stern letter to Alexander about the staging of that play. Wilde did not offer himself at rehearsals, and his reference to "the painful scene of last night" indicates that on one occasion, at least, Alexander lost his temper with him.

The great affair with Lord Alfred Douglas comes in only incidentally here until the two go to Algiers early in 1895. Wilde writes to Robert Ross:

> We have been on an excursion into the mountains of Kabylia — full of villages peopled by fauns. Several shepherds fluted on reeds for us. We were followed by lovely brown things from forest to forest. The beggars here have profiles, so the problem of poverty is easily solved.

Then follows the return to London, and to disaster. Wilde writes to Ross, "Bosie's father is going to make a scene tonight. I am going to stop him." It was the first night of *The Importance of Being Ernest*; the Marquess of Queensberry arrived with his bouquet of vegetables, but was denied entrance.

This volume reveals that Wilde immediately consulted a solicitor about charging Queensberry. The solicitor's answer, given here, indicates that neither Alexander nor anyone else in the cast was willing to testify on Wilde's behalf. Wilde was proceeding towards Queensberry's trap, into which he soon fell. The next letters are from prison. At first Wilde took comfort in Douglas's visits:

> What more hideous things may crawl out to cry against me I do not know. I hardly care. I think, for sometimes there is sunlight in my cell, and every day someone whose name is Love comes to see me, and weeps so much through prison-bars that it is I who have to comfort him.

Then comes letters to solicitors. Wilde was delighted when the French staged *Salomé* during his imprisonment, but as for the English, he said, they "denied me even the barren recognition one gives to the dead."

At last he is released, and with exquisite detachment writes to Cunninghame Graham, who had congratulated him on *The Ballad of Reading Gaol*:

> I . . . wish we could meet to talk over the many prisons of life — prisons of stone, prisons of passion, prisons of intellect, prisons of morality, and the rest. All limitations, external or internal, are prison-walls, and life is a limitation.

He worries that the *Ballad* is too personal, and writes to one correspondent, "I am out-Henleying Kipling," and to another, "I hope it is good but every night I hear cocks crowing in Berneval, so I am afraid I may have denied myself."

But the basic tenor of his thoughts emerges in a letter to Laurence Housman.

> As art is the most intense mode of expression, so suffering is the most real mode of life, the one for which we are all ultimately created.

These letters which Sir Rupert Hart-Davis has compiled evoke admiration and gratitude for both the author and his editor.

Richard Ellman

How did Vita's garden grow at Sissinghurst

VITA'S OTHER WORLD: A GARDENING BIOGRAPHY OF V. SACKVILLE-WEST
by Jane Brown.
Viking £14.95. 240 pages

PERHAPS YOU will feel you have had enough of Harold Nicolson and Vita Sackville-West. What "other world" could possibly remain to be discovered? Diaries, letters and biographies have made them the best-documented English couple of the century. Yet there is a dimension which nobody has quite captured, not women dressed in male tweeds or men in pearls and twin-sets, or Vita's fondness for particular breeds of dog. Together, they made the great garden at Sissinghurst Castle in Kent: this "other world" has still to be seen in perspective.

Jane Brown has now filled the gap with a book which has the virtues of her previous study of Edwardian "gardens of a golden afternoon": clarity, love of the subject and a high standard of evocative illustration and production. Ann Scott-James's book on Sissinghurst was necessarily more descriptive and Victoria Glendinning's memorable biography of Vita ran out of steam in its middle to later phase: it made little of the gardening which absorbed its subject and it did not do justice to the work and thought which went into this art. The "other world" is now honoured as it should be, because it has become Vita Sackville-West's most admired achievement. If you read the Financial Times on Wednesdays, you may know that I consider Sissinghurst to be one of the few great British works of art this century.

Jane Brown combines her story of horticultural progress with some sensitive comments on Vita Sackville-West's poetry. She takes us on the early trip to Persia, on an imagined visit to the Nicolsons' admirable first garden, at Long Barn, through Vita's England, a very evocative chapter, and finally round the elements of Sissinghurst. I particularly liked her remark on the red and yellow garden round the bedrooms in the South Cottage, a garden of "optimism" for morning and aptness for the light at sunset, while the separate white garden is at its best in the hours between tea and nightfall, that time when Vita was often prowling and weeding or dead-heading. Jane Brown also draws an excellent contrast between *The Land* as a poem of factual observation and *The Garden* as a later poem of subjective reactions to nature. Re-reading them, I do not share her full enthusiasm for them, but the contrast is very obvious.

In short, I have enjoyed this book enormously. I must admit that it arrived just when I had finished an essay on Vita's writings on gardening. Perhaps Jane Brown could sometimes have said a little more on the value of Vita's particular ideas for gardeners to this day, and more, too, on her ability to pick out good, rare plants and place them. The writer does, however, do justice to Vita's crusade for old and forgotten roses and aptly points out that tree paeonies were still unfamiliar when Sissinghurst grew them in the 1940s.

When Jane Brown takes us round Vita's favourite gardens, down the A30 or west to Shrewsbury and the great rosarian, Hilda Murrell, she conjures up the other gardens which we risk forgetting, Bobbie James's or Norah Lindsay's; she brings out beautifully the landscapes and Tudor architecture which Vita most admired. She would abominate the prairie-farming which has ruined so much of her favourite country with the blessing of the EEC.

Garden-history is a slippery business because so much depends on writings which survive, whereas gardening grows from unrecorded sights and conversations. Jane Brown emphasises Vita's visit to Miss Jekyll and her great garden in August 1917, but I would enter a reservation. In Vita's first garden notes, dated 1916, I found recently a plan for "orange flowers and Tiger Lilies" and "four plants of Rose Madame Alfred Carrière, very smelly." These plants were Miss Jekyll's too, but Vita had not yet visited the garden at Munstead. Her style of border-planting always differed from Miss Jekyll's distinctive drifts. It realised these "gardens of separate colours" which Miss Jekyll discussed, but never grew herself. The Jekyll plans for a grey garden are quite unlike Sissinghurst's white garden. Indeed, Vita's copy of *Colour Schemes For The Flower Garden* is not obviously used or closely studied: at Sissinghurst, her copy of William Robinson's *Wild Garden* dates from after the years when Sissinghurst was made.

Jane Brown is surely right to emphasise the importance of travel and literature for the makers of Sissinghurst, a garden which is the expression of a particular pair of personalities. Vita's Other World used others' ideas and advice, but it remained the creation of herself and her husband, the invention of two personalities whom it held together, greater than the parts into which historians might otherwise dissolve it.

Robin Lane Fox

Wartime London calling

ORWELL: THE WAR COMMENTARIES
edited by W. J. West.
Duckworth £14.95, 248 pages

EIGHTEEN MONTHS ago, W. J. West discovered a large cache of Orwell scripts in the BBC archives at Caversham. Earlier this year he published the literary scripts as Orwell: the War Broadcasts. They were hailed by reviewers as filling in two largely unknown years in Orwell's life as a BBC producer and as shedding valuable light on the background to the sharp change in his political analysis (though not perhaps in his underlying political loyalties), which coloured both *Animal Farm* and *Nineteen-Eighty-Four*.

This second volume goes even further to help us understand this strange man. For Orwell's wartime commentaries to Indian listeners were undeniably propaganda. Orwell, in a word, knew what it was to be Orwellian. They were, West believes, very plausibly, consciously intended to counter Axis propaganda beamed to India, and in particular to challenge the Berlin station, Azad Hind, operated by the Left-wing Congress leader, Subhas Chandra Bose.

West's excellent footnotes pitilessly expose the small and not-so-small suppressions of the truth and suggestions of the false in Orwell's scripts.

He did not mention the 1942 riots and the arrest of Congress leaders at all, for example; instead, he devoted his next talk to Nazi tyranny in Europe; with the not very subtle message that Indians should reflect whether, if the Japanese came, it would be as liberators or as tyrants.

This is not to say that Orwell's scripts were nothing but shameful hack work. They reveal a vast knowledge of world politics and a remarkable grasp of what in the news was strategically significant and what was not. What is far more intriguing is to see the author of *Nineteen-Eighty-Four* learning about the Ministry of Truth from the inside, right down to the smell of cabbage in the canteen, and learning to write Newspeak.

None of which is intended to equate the wartime BBC with the frenzied lying of Berlin and Moscow and Tokyo. But it is a jolt to be presented with the author of *Shooting an Elephant* as a propagandist for the Raj.

It was certainly not treason to earlier anti-imperialist or socialist ideals that placed Eric Blair in that unlikely position. Nor, I think, was it sheer financial necessity, though God knows, Orwell needed money. It was rather that the same moralism that made Orwell reject his class never made him reject his country. He saw nothing wrong in working for the BBC if that meant nailing the enemy's lies. But in the process, he gained a new understanding of how the liars could prevail even in *Airstrip One*.

Godfrey Hodgson

Fiction

Vonnegut over the top

GALAPAGOS
by Kurt Vonnegut. Cape.
£9.50. 269 pages.

A SOLDIER'S LEGACY
by Heinrich Böll. Translated from the German by Leila Vennewitz. Secker & Warburg.
£8.95. 131 pages.

NOT WANTED ON THE VOYAGE
by Timothy Findley. Macmillan.
£9.95. 352 pages

THE BAD AND THE BEAUTIFUL
by Vera Cowie. Collins.
£9.95. 446 pages.

ONE MILLION years ago in 1986 human beings had enormous brains. Some notables such as Henry Kissinger decided to take "The Nature Cruise of the Century" to the Galapagos Archipelago—but the project had to be cancelled. It was left to three very unnotable people to carry on the human race.

And so it goes on. The narrator regards our planet from a distance of 1m years hence. For sheer dottiness, this plot—if it can be called a plot — must be very distinguished indeed. But this sort of thing, in order to come off, needs to be more than just dotty: it needs to be very good indeed: in a word, inspired. And Kurt Vonnegut's *Galapagos* is not. It has plenty of energy, and it is as preposterous as it is supposed to be. But the writing itself is feeble: Vonnegut not only nowhere approaches Swift in invention or satirical power, but—despite the claims of profundity behind the comedy—he is sadly casual. There are far too many longeurs and poor, laboured jokes.

Vonnegut is an author who has written some good as well as some indifferent books. This one I am afraid must be accounted not merely bad, but a disastrous lapse.

Heinrich Böll wrote *A Soldier's Legacy*—it is really a long short story, not a novel, and is exceedingly expensive in this version—in 1947, but did not publish it until 1982. It now appears here in an English translation three months after his death.

Posterity is likely to endorse the view that Böll's best work is his earlier—and certainly this masterfully told tale was well worth rescuing and publishing. Narrated after the end of the war by ex-Private Wenk, it is an account of rivalry between two German officers ending in an evil act, redolent of Nazism.

In 1943 Wenk was posted to the Atlantic defence line on the coast of Normandy. He found nothing but sea, corruption and boredom. But he made friends with his superior officer, Schelling, who felt the same way as he did and, moreover, protested about it. This protest awakened the hatred of a corrupt officer called Schneker.

Heinrich Boll: post-war pressures

Then Wenk and his two superior officers, together with the whole Section, are transferred to the Russian Front. Writing retrospectively, Wenk is handing on the "legacy" of the truth about Schelling's death: he was "reported missing." Schneker is the only other man who knows the truth; it is left for Wenk to tell it.

Lucid, terse, dramatic and revelatory—if only obliquely—of how the Nazi mentality continued to prosper in Germany long after 1945, this is Böll, who became in some way an ambiguous and confused writer, at his very best. One can only hope that this excellent translation will become available in paperback at a reasonable price.

Timothy Findley is a Canadian author who has quite a substantial following in his own country but, so far, little in Great Britain. On the strength of this strange hybrid of horror-pulp, fake medievalism, Richard Adams and other "animal writers," Mervyn Peake, and much else of which the author may even be unaware (there is more than a touch of Stanley Baldwin's favourite, Mary Webb, but that may be accidental), I think he ought to be content with his native reputation.

Not Wanted on the Voyage is the story of Noah retold, with Yaweh not at all like his Biblical counterpart. Noah, Dr Noyes, however, soon emerges as a monster. Much of this chaotic and confused narrative, which veers between the intolerably twee and the merely unpleasant with an unerring eye for the imaginatively inappropriate, is from the point of view of an old cat—a bit of an ecologist—called Mottyl. I believe that some readers might be intimidated into granting the novel some depth or profundity on account of the fact that it is not understandable. They should not worry: there is little to understand, and all that may be praised is the author's industry and his study of far too many predecessors.

After this, Vera Cowie comes as a relief. *The Bad and the Beautiful*, which the publishers compare to the fiction of Judith Krantz and Jackie Collins, contains much description and dialogue upon which it will be necessary to ponder. "'You have a glorious body. Renoir would have adored you.' 'Better him than Modigliani,' demurred Julia lightly, but expanding under his adoring eyes."

It is, of course, "demurred lightly" which gives Ms Cowie her touch of real class. Mr Findley, look to your laurels!

Martin Seymour-Smith

Brisbane and beyond

12 EDMONSTONE STREET
by David Malouf. Chatto & Windus. £9.95, 134 pages

"FOR THE writer material is always to hand, and more of it than he can ever deal with; all there in the room, or in his head." This is a comment on a fictional writer from one of David Malouf's novels, but it applies equally well to him. The smallest actions, the most mundane of objects are given a large significance, an extraordinary quality, by his perception of them. Not surprisingly then, he is a poet as well as a novelist. In this book, for the first time, he uses the medium of the autobiographical sketch.

The title piece is a description of Malouf's first home and his relation to it. The location was Brisbane, the time just before and during the Second World War. His father's family was Lebanese, his mother was English and tried to prevent her children acquiring Australian accents and habits. As a consequence he yearned for precisely those things, finding the smell of stale beer "especially authentic."

Yet he offers more than the evocation of a childhood made slightly exotic by the accident of mixed parentage. What he tries to recreate are the profoundly strange qualities any family house and all its furnishings have for a small child making sense of the external world; indeed, for a long time the house is the limit of his world. He takes us slowly through that world, room by room and places in it objects, people and incidents.

Valery McConnell

Under the hammer

SOLD: THE REVOLUTION IN THE ART MARKET
by Nicholas Faith. Hamish Hamilton £9.95, 269 pages

IN HIS book *Sold*, Nicholas Faith sees his brief narrowly in terms of the auction houses. The fascinating subject of how dealers operate is left virtually untouched.

What we get here is a mass of material from which three interesting books might have been assembled: a biography of Peter Wilson, the overweeningly ambitious, brilliant but administratively inept chairman of Sotheby's during its decades of (over)-expansion; a study of the dramatic enough growth and rivalry in the last three decades of Sotheby's and Christie's, hare and tortoise respectively (though since this book was printed the tortoise has stumbled); and a detailed account of the take-over of Sotheby's by the American Alfred Taubman, a rich story of intrigue and snobbery in high places which provides the most convincing passages of the book.

Not for Mr Faith are art or antique-dealers motivated predominantly by a desire to make a living in the face of often heavy overheads; and not for him are private buyers seized by a real love of their chosen field and a passion for collecting. Of course there are some rogues among dealers, as in most fields, but also many civilised and knowledgeable people; and of course some collectors are also speculators. But Faith sees greed and the lust to make huge profits dominating the scene, just as for him "the ownership of a particularly desirable object obviously provides the thrill of monopoly power."

The cynicism comes across as professional and tinged with naiveté. He seems a nice man, paying generous tribute to such clearly superior sources as Gerald Reitlinger's *The Economics of Taste* and Aline Saarinen's *The Proud Possessors*. He has read and interviewed widely, flushing out some interesting information on the strengths and weaknesses of Peter Wilson (maddeningly referred to after introduction as PCW), on the widening of the salerooms' activities and their foreign tentacles, and on still contentious issues like the buyer's premium, hidden reserve prices and disputed ownership. But both his prose and his findings should have been far more thoroughly winnowed. A coherent book—or three—might then have been written.

Roger Berthoud

Sovereign wheels

ROYAL TRAINS
by Patrick Kingston. David and Charles, £15.00, 191 pages

THIS SPLENDID survey of every available coach built for our Royal Family with all the appropriate engines, takes a colourful slice through railway history over the past 140 years.

The pictures (which everyone will look at first) include carriages and locomotives from 1848 onwards, from the primitive London and Birmingham 2—2—0 with its crown-topped 13-foot four-wheeled carriage in two to the handsome modern stock hauled by diesels and electrics, by way of the steam-engines that to most people are what railway history is about.

There are also working drawings, showing dimensions, reproductions of time-tables and working documents, and impressive photographs of the interiors of the coaches, progressively less ornate. The text is packed with accounts of royal journeys, from Queen Victoria's first venture in 1842 to our own day. Reluctantly I have to report that the first index reference I checked proved false.

B. A. Young

Dance

Staged not for pleasure alone

The Royal Theatre on Kongens Nytorv in Copenhagen has two houses—known as the Nye Scene (the New Stage, a 1930s structure) and the Gamle Scene, or Old Stage, on which ballet, opera and drama have been performed ever since the theatre was opened in 1874 years ago. But the beloved Old Stage had a far from loveable old back-stage, and the theatre was closed in 1983 for massive reconstruction and extensions of the workshop, rehearsal and practical areas of the theatre. Last weekend, after 30 months and as many millions of pounds sterling, the Gamle Scene re-opened, and the Royal Danish Ballet, the opera, and drama could enter once more upon their own stage.

Not that the audience would notice any change in that enchanting claret and gold auditorium, with the nobly moral injunction on the proscenium arch Ei Blot til Lyst—the only Danish many of us learn, for it is the motto of the art presented there: "Not for pleasure Alone." But for workers in the theatre, modern technology and modern conditions will make every difference to their life, and the only noticeable public alteration is the loss of three rows of stalls to extend the orchestra pit to provide space (rather than battery-hen conditions) for 100 musicians.

To mark the ballet's return, under its new director, Frank Andersen, we saw not Bournonville but a brand new full-length work on a Danish theme from John Neumeier. Neumeier's choice of *Amleth* as title tells much about his approach to this creation. Shakespeare may provide the best-known incarnation of Hamlet, but the choreographer has returned to earlier Danish sources for names, incidents, and also to Denmark's great romantic poet, Oelenschläger, to discover an historical perspective for his stage action. The designer, Klaus Hellenstein, has produced evocative gauzes and hangings, giving a monumental shape to the dance area by means of pendant panels, clothing the women in long dresses (Grahamesque in style) and the men in adaptations of tunics and robes.

Neumeier treats his tale in almost bardic fashion, inspired by what is his prime source, the mediaeval Danish chronicles of Saxo Grammaticus. His first act shows two brothers, Horvendil and Feng (Shakespeare's Claudius) as rulers of Jutland, both in love with Gerutha, battling against King Koll of Norway. Horvendil marries Gerutha (Gertrude) who bears him a son, Amleth. The child is no warrior's son, preferring games with the young Ophelia to sword-play, and fascinated by three mysterious clowns.

His boyhood is contrasted with that of young Fortinbras, Koll's son, who grieves over his father's body and swears vengeance (a scene played by the very young Mads Blangstrup with an intense quietness that would be the envy of many a mature performer). The first act ends with the grown Amleth (Peter Bo Bendixen) leaving for Wittenberg; the grown Fortinbras (Johnny Eliasen) assembling an army; Feng lusting after Gerutha.

Thus Neumeier exposes the strands of history that are the web of Shakespeare's drama, which becomes the matter of the second and third acts: Amleth's return for his father's funeral; his love for Ophelia and then rejection of her; his killing of Feng, urged on by his father's ghost. But Neumeier is not concerned with a translation of Shakespeare's play. His earlier *Hamlet Connotations* (for American Ballet Theatre in 1976) focused upon Hamlet's moral dilemma; this new work, in which he makes quotation from the earlier piece, explores Amleth's "responsibility for the past." Our last view of Amleth is of a young man walking out of the stage action (a fine Elizabethan holocaust, with Ophelia drowned, Feng dead, Fortinbras enthroned and Gerutha apparently preparing to make herself Queen of Jutland for the third time) to stand on the forestage, a Prince released from his past.

For score Neumeier has turned to Michael Tippett, using the second symphony for the first act, with the Sellenger's Round divertimento accompanying a love duet for Amleth and Ophelia; the triple concerto for Act 2, and the fourth symphony for Act 3. The music, excellently played by the orchestra under Peter Ernst Lassen, inevitably dictates the duration and emotional nature of incident, and it is far from being a *musique dansante*. But this is less a *ballet dansant* than an expressionistic drama, and the music's dark colour and its tensions are well used by the choreographer.

It is to Neumeier's credit that he sets forth his saga so boldly. Action is fluid—Ophelia's death scene is swept away by the invading horde of Fortinbras' army—and incidents placed so that they overlap—present and past, "here" and "there" confronting each other in our imagination. Horvendil's ghost bursts menacing through the blood-red hangings of Gerutha's marriage bed; Amleth's relationships with each of the principal characters are cast in a language of intensest emotion, reminiscent of Martha Graham's procedures. If the general style seems physically heavy, unsubtle in means, the epic is told with bold outlines, corrosively clear dynamics.

The Danish dancers respond with performances fired with all their customary dramatic power and sensitivity. Outstanding is Linda Hindberg as a Gerutha, passionate and compassionate. Very fine, too, are the young artists entrusted with the central roles: Peter Bo Bendixen, tall, handsome, has the technique and the emotional range to encompass all the irresolutions and nervous force of Amleth's character; Mette Bødtcher is beautiful, long in line, and she carries off Ophelia's feyness and gaucheries with lovely purity. The rest of the cast, the men dancing like warriors with Viking blood still in their veins, are excellent. The production is dedicated by Mr Neumeier to the memory of Vera Volkova, that great teacher and life-enhancing woman, who was so grand an influence upon Danish ballet, as she was upon the world of dance wherever she went.

Clement Crisp

Power and sensitivity: Lars Damsgaard as Feng and Linda Hindberg as Gerutha

Radio

Powerful drama lest we forget

REMEMBRANCE DAY tomorrow, so a D-day play on Monday to get us in the mood. In Douglas Livingstone's *The Road to Normandy*, scenes from the 40th anniversary celebrations last year were meshed with scenes from the 1944 events. Dave and Pete had served together but Pete died after only a few days, so Dave was amazed to find someone in Normandy who claimed to be his 39-year-old son.

Like every dead soldier, Pete was a hero to his comrades and family. But Dave and others knew that he had shot himself in a bout of hysteria. The problem of reconciling the two versions made a powerful story, and no one who was in or near that war could help a little weep. Ronald Pickup played Dave and Mick Ford Pete. The production, replete with location effects, was by Jane Morgan.

A little after the other war, David Zane Mairowitz's *Azari's Aerial Theatre* (Radio 3, Wednesday) has Mussolini in the wings. He should have been coming to see Fedele Azari and his company put on their game of performing aeroplanes, but was kept away, invading Corfu. When the Fascists arrived at the airfield, they were not his guard, but a party sent to commandeer the aircraft. This play was directed by Jane Morgan too, but something has gone wrong with her location effects this time. It should have been an interesting play full of the expressive sounds that Azari designed for his planes; but David Greenwood and David Chilton's sounds were only noises. All we got from the play was politico-artistic argument between Azari, his soundman, Russolo, and a newly-recruited pilot who refused to play games. He wanted only to fly his fighter. But at least it sent me to read a little about the Futurists, who believed that a racing car was more beautiful than the Victory of Samothrace.

It was good to hear about Edmond Halley, b. 1656, in Radio 4's little bit on Saturday. John Ebdon's *The Comet Man* showed him as a superman. He charted the southern stars from St Helena at the age of 20; was elected to the Royal Society at the age of 22; captained a naval ship over the South Atlantic as far south as the icebergs; but did not discover Halley's Comet, which he picked up in Paris from Jean Cassini. Brian Harpur of the Halley's Comet Society makes him rhyme with Crawley.

Though the Radio Times prints all the rhyme about *Solomon Grundy*, the only word relevant to this week's programme (Radio 4, Tuesday) was "born." This was a half-hour eavesdrop on women talking about their pregnancies ("the tests are degrading"), the sensations of giving birth, the immediate pleasure in babies and so on. Gillian Hush, the producer, wisely refrained from putting in anything but the voices. It was a charming programme.

The Epstein Affair, in Sandra Miller's programme on Radio 3 on Monday, was no specific happening but an odd part-dramatic picture of Jacob Epstein as his contemporaries knew him. Various characters, some famous, some not, told of their encounters with him.

Judgments were as much personal as artistic: the description of Sir Jacob's dinner-party dress, with flybuttons undone, or the unexpected revelation of model Isabel's illegitimate daughter, gave some idea of the sculptor's distance from conventiality.

He would have liked *Solomon Grundy*. His interests were in birth, generation, love and death, which he sculpted with "sexual directness." More interest was shown in the carvings than the bronzes; someone might at least have quoted Eric Gill: "Epstein is a very gifted man and has done some monstrous fine bronzes, but stone-carving doesn't happen to be what he's best at — the stuff isn't flexible enough for him." Hence Rima, hence Ecce Homo. Piers Plowright's production, with jazz and things behind the conversation, leaned a little towards Pseuds Corner.

B. A. Young

Solution to Chess No 593

1 Q-K4, KxN; 2 Q-R8, or if R-N2; 2 Q-R4, or if R-B3; 2 QxR, or if R-K3; 2 N-B7, or if KxN; 2 Q-R4.

Sculpture

Fantasies of the flesh exposed

SENSUALITY is not a quality one associates with Geneva. For centuries under Calvin's chilly shadow, the city lies now under the fleshier but not rampantly more hedonistic one of the international civil servant. It is startling to find the Musée de l'Art et d'Histoire glorifying an artist whose sensuality bordered on erotomania. After a century's neglect, James Pradier (1790-1852) returns to his native city.

Once again Pradier's sculptures of swooning, squirming, strip-tease ladies, accompanied by swans with inquisitive beaks, will discomfort the high-brow and the prudish but delight the sensualist. One wonders where American Express, who generously funded the show, would class itself.

The exhibition is a fascinating exploration of 19th century taste. Moreover, like the recent exhibition of Bouguereau's paintings in Paris, the Pradier show suggests that the pendulum of taste is well on its return course. The day of the Impressionists is on the wane while in the still distinctly neglected area of sculpture, Barye, Préault and even Rodin should look to their laurels.

Pradier starts a long way down the track. Even though the Pantheon of Swiss artists is not overstocked, Pradier is forgotten in his native land. Many of the 300 sculptures and drawings on view have been pulled out of museum cellars. Little trace of his work remains in Geneva beyond a vast bronze Rousseau which is not Pradier's best side. Pradier made his career in Paris, where you will unwittingly have seen his handicraft.

The chunky Victories at Napoleon's tomb are his, as are the hideous dames with plaits like Chelsea buns who personify Lille and Strasbourg in the Place de la Concorde. A hint of Pradier's strong point is the lady with the circular saw who poses at Industry at the Paris Bourse. Her chemise slips off the shoulder in a way calculated to distract the most industrious French worker.

The nude, or nearly nude, female was Pradier's passion—and not only in professional terms. They poured from his studio: marble, bronze, silver and clay; six footers or six inchers. Niobes or Negresses with tambourines. By the 1840s, Pradier was King of Sculpture. While Charles Baudelaire acidly remarked that this was hardly surprising, given the state of that art, the present exhibition's organisers enthuse about Pradier's elegance and inventiveness.

The penniless Genevan had an auspicious start in life when Napoleon visited his master's studio, tapped Pradier's forehead and said, "Work hard, you've got something in there."

Bayadere assoupie at the Musee de l'Art et d'Histoire

This disagreeable man left nothing to chance. A shameless opportunist, he crawled to each regime for commissions. He insisted on a special spot on the staircase at the annual Salon, and used his influence to have rivals ejected.

Pradier prospered, but his master stroke was in 1830 when he re-invented the 18th century naughty statuette. Elegant ladies, coiled demurely on cushions or crawling out of shells, were perfect for the bourgeois gentleman's desk-top. Fellow-artists and critics accused Pradier of venality but the public loved the statuettes. They were copied long after his death, and their influence is strong on Art Nouveau and Art Deco pieces.

The effect of such acreage of female flesh is disquieting. Probably the boldest of the exhibits is the vast marble *Poésie Légère*. The lady prances with a gold harp under one arm, cheeky gold earrings emphasising her naked whiteness. The spangled cloak (painting marble was one of Pradier's special touches) just misses being a *cache-sexe*.

This exuberant statue was the toast of the Salon in 1846, but now she seems distinctly over the top. Visitors will ask anxiously whether such pieces are kitsch or High Art, and I admire the museum for its unselfconscious espousal of Pradier's aesthetic. None the less, it was a little craven to choose for publicity material such a demure back view of a statuette which could hardly provoke the feminists or the moral majority.

By comparison, Pradier's reviewers showed the frankest enjoyment of his nudes, as the excellent catalogue makes clear. Inch by inch they surveyed the sculptured amplitudes, praising a knee here, a shapely shoulder there. It suggests why harems and slave-markets were such a popular theme in 19th-century art.

Today comments such as those passed on the young Pradier's *Bachante* would not pass muster outside *Playboy* but then, like the artists, critics could take cover behind classical allusions. The statue was of the "Callypigian Venus" type, they noted, so the pear-shaped woman was perfectly proper—merely a variant on the goddess of the beautiful bottom. Revealingly, where Pradier did raise eyebrows was with statuettes of models in chemises and prosaic stockings; now that was naughty.

Pradier's sculpture unlocks the sexual fantasies of the 19th century even more than Courbet or Rodin at their raunchiest because he was an infinitely lesser artist. With such work we are only a stone's throw from the soft porn of the age. Pradier's friend Ingres would send sketches of models to the critic Théophile Gauthier with the clear implication that they were up-market dirty postcards. Facing Pradier's Venuses, Atalantas and Bachantes molested by Satyrs I wonder at our hypocrisy, sanitising the erotic in art to make it suitable for O-level text-books.

This controversial show runs in Geneva until February 2, then moves to scandalise Parisians at the Luxembourg next spring.

Patricia Morison

Saleroom

Suddenly everyone buys British

FEW SECTORS of the art market have experienced such a boost to their fortunes in the past two years as modern British pictures. Suddenly the eyes of dealers and collectors have been opened to the artistic talent which abounded in the UK in the first half of the 20th century. Prices, at least for attractive pictures, have just about doubled in two years or so and there are few signs yet of a levelling off in demand.

This is partly a consequence of the earlier boom in Victorian paintings: the best works here have been snapped up at ever spiralling prices, leaving dealers competing for the rare top quality works, or the more numerous second division paintings. *Faute de mieux*, many dealers have extended their knowledge from the Victorians to their successors.

They have managed to take collectors (mainly British but now some American) with them. To confirm the trend a number of exhibitions, of the Newlyn School, the Glasgow Boys, St. Ives, Lavery, Gwen John, and currently, society portraits, have alerted the public to what art historians have started to preach: the straightforward visual appeal of many of the artists who followed the High Victorians. They retain the eye for colour and popular themes but incorporate continental impressionistic insights.

Virtually anything that is decorative now finds a buyer, as long as sellers have not become too greedy on the back of last season's prices and demanded impossibly high reserves. Last Thursday, Christie's sold pretty modern pictures, followed yesterday by the heavy brigade. The Thursday sale produced 13 artist records, for painters like Henry and Walter Greaves, William Titcomb, Sir Frank Brangwyn (£18,900 for *The Brass Shop*) and William Lee Hankey.

Two paintings sum up the sale. A lively portrait of his wife by Sir Herbert Gunn, until now a despised RA, made a record £8,640 (top estimate £3,000) while a busy view of Piccadilly Circus by the unknown Joseph Oppenheimer (top estimate £1,200) attracted telephone bids and a new home at £6,480.

Yesterday added another 11 artists' records, including such good names as Lowry—£45,360 for *VJ Day*; Henri Gaudier-Brzeska — £20,520 for a rare alabaster sculpture of Amour; Gwen John — £12,960 for a watercolour of a boy with clasped hands; and £19,440 for an Edward Burra, *Mixed Flowers in a Vase*. The only weak areas were among the Sickerts and the English surrealists. The biggest surprise, in an auction which topped £1m in its two sessions, was the £7,560 paid for a Lucian Freud drawing of a dead monkey, estimated at between £600 and £900.

Sotheby's last sale of modern British pictures in May established a record total of more than £1.4m, with virtually every lot finding a buyer and seven artists achieving auction highs. It has equally buoyant hopes of next Wednesday's auction. Indeed the head of department, Janet Green, allows herself to describe it as "our best sale ever."

The Newlyn School, the main beneficiaries of last season's surge in prices, is well represented. In May, a Laura Knight watercolour made the extraordinary price of £66,000. It is on offer again, at a premium, in the current show at the Pym Gallery. Next week there is a good group of Knight oils, the best of which, *Two Girls on a Cliff*, carries a top estimate of £30,000 while Robert Morley is disposing of *A Breezy Day*, which could make £20,000.

There are also paintings by Stanhope Forbes, but the main surprises could come from the lesser Newlyn artists such as Albert Taylor, Alfred Armitage and Harold Knight. The long pull of Newlyn is represented by *A Balcony, Penzance*, painted by Harold Harvey as late as 1940: it should top £8,000. On Thursday Bonhams sold two paintings by Harvey, colourful and cheerful and eminently decorative, for £31,900, a record, and £15,400, and this for an artist virtually unknown outside a coterie.

The highest estimate is carried by *The Rotion Party*, a World War I Vorticist painting by Frank Dobson which was commissioned by the Imperial War Museum and then rejected because it was considered too avante garde. It carries a £45,000 top forecast.

But pride of place, in price terms, could go to that great eccentric, Stanley Spencer. Two paintings, of cacti and of fuchsias, show him at his most restrained, delicate and masterly.

Antony Thorncroft

Records

Klemperer, forever controversial

BEETHOVEN: symphonies 2 and 4. Philharmonia/Klemperer. EMI CDC 747185 2 (compact disc).
BEETHOVEN: symphony 3, Grosse Fuge. Philharmonia/Klemperer. EMI CDC 747186 2 (compact disc).
BEETHOVEN: symphonies 5 and 8. Philharmonia/Klemperer. EMI CDC 747187 2 (compact disc).
BEETHOVEN: symphonies 3, 5 and 7, overtures. Philharmonia/Klemperer. EMI EX 137 290457 3 (three LPs).
MOZART: 11 symphonies, overtures. Philharmonia, New Philharmonia/Klemperer. EMI EX 137 290482 3 (six LPs).

THE CENTENARY of Otto Klemperer's birth this year has been grandly celebrated by EMI the record company, for which he worked for the last two decades of his life. The Klemperer Edition has been running for most of 1985, releasing at medium price a vast body of recordings, all of them digitally remastered and immaculately pressed on LP.

There have been several transfers to compact disc in which the couplings have been generous in using the time to the maximum. Apart from the three listed above, Mahler's *Das Lied von der Erde*, with Ludwig and Wunderlich, is also available. Though the range of reissues is wide, covering repertory up to Kurt Weill and Klemperer's Second Symphony, they have understandably centred on his performances of the classical repertory and on his Beethoven in particular.

The celebrated integral set of the Beethoven symphonies dates from the late 1950s and early 1960s, all recorded by the Philharmonia Orchestra and produced by Walter Legge. The cycle is available on refurbished LPs and from it come the five symphonies transferred to compact disc. The selection is intelligent, including the best of what is, in some ways an uneven cycle, with an unsatisfactory Ninth and underpowered Sixth and Seventh. The Eroica has long been considered *hors concours*, an account of extreme grandeur and tragic power with a monumental Funeral March. On compact disc it is coupled with a recording of the *Grosse Fuge* in Beethoven's own arrangement for string orchestra from 1957, which apparently has never previously been available in stereo.

The versions of the Second, Fourth and Eighth counter to some extent the image of Klemperer as a consistently unsmiling, gruff interpreter. For all three have more than a modicum of charm in the way their melodies are phrased and the textures kept consistently buoyant. The Fifth is a different matter; it appears to have been conceived as soul mate to Eroica, with thematic statement given an almost self-conscious majesty, sometimes at the expense of forward impulsion.

What a performance such as that of the Fifth underlines is that Klemperer, as well as being undeniably a great conductor, continues to be controversial. While Furtwängler, for instance, now arouses no such argument about his status, there remains a sizable body of serious musicians for whom Klemperer's austerity and lack of concern for orchestral finish often generates irritation.

A more sophisticated version of that attitude maintains that the Klemperer of the 1960s, when most of his famous recordings were made, was a lesser conductor in many respects than the Klemperer of the immediate post-war period, when his respect for verities was still harnessed to an ability for producing lively, lean orchestral playing.

The collection of mono recordings of the Third, Fifth and Seventh symphonies, with the *Fidelio*, three *Leonora* and *Consecration of the House* overtures, dating from 1954, 1955 and 1956, tends to reinforce that view; all three symphonies seem to me better served by the earlier accounts. The 1956 Eroica adopts fractionally faster tempi in each movement, producing lighter textures, sharper pointing in the phrasing and above all greater momentum, without sacrificing any of the 1960s monumentality. And although the Seventh still does not convince one of Klemperer's credentials as a conductor of music whose basic impulse is rhythmic, the Fifth is a marked improvement on its successor, quite lacking the sense of studied majesty which holds back each of the movements.

The Mozart box belongs to the stereo era and its recording dates extend into the period of Klemperer's association with the New Philharmonia, after Legge had disbanded the Philharmonia and the players had reformed with Klemperer agreeing to continue to conduct them. In these accounts the high quality of the Philharmonia is more obvious than it is in the Beethoven. The approach appears to be more spontaneous, less consciously moulded, with only occasional lapses into the dogged literalness that Klemperer's detractors hold against him. Symphonies 29, 35, 38 and 39 seem to me quite peerless examples of large-scale symphonic Mozart; only one, the Jupiter, is routine.

It is, in short, a wonderfully comprehensive, endlessly fascinating set, and one hopes that EMI will continue its task of renovation beyond the end of the centenary year: compact disc versions of *Fidelio*, the *Missa Solemnis* and the Mozart operas would be most desirable.

Andrew Clements

WEEKEND FT

Private view

Out damned diet

IT IS possible that social historians, looking back on us in the next millenium, will consider that the worst curse banging over mankind in the second half of the 20th century — after nuclear weapons — was the discovery of healthy food: the shattering revelation that all the food we enjoy is bad for us and all the food we detest is good for us.

Nightly, it seems, a dozen television doctors prise open our consciences and insert awful warnings about our eating babits. Was it only a generation ago that we were all eating butter, ice-cream, hot fudge, paté, stockpot soups, pork crackling, bangers and mash, sherry trifle, meringues (need I go on?) with scarcely a care io the world?

That, of course, was Eden. In the world we now live in we have all been thrust out of the Garden and into the macrobiotics shops. Our shameful nakedness has been covered with a calorie chart and a guide to cholesterol avoidance.

Doctors like the demon TV medico Michael O'Donnell, who when I was eight and living in Weybridge used to be my GP and was well within reach of discreet assassination, tell us that we are all hastening in Gadarene confusion towards dietary suicide. We can expect beart disease (if we eat fat or sugar), hepatitis (if we eat shellfish), cancer (if we do not eat fibre), cirrhosis of the liver (if we drink anything other than water), cholera (if we drink water anywhere but in England.

Other experts tell us there is lead poisoning in all vegetables reared within smog's tbrow of a city, cholesterol in fried foods, cancer in charbroiled foods and vitamin-loss in boiled foods, and an inexhaustible, Borgia-like supply of subtle poisons and carcinogens in additives and preservatives.

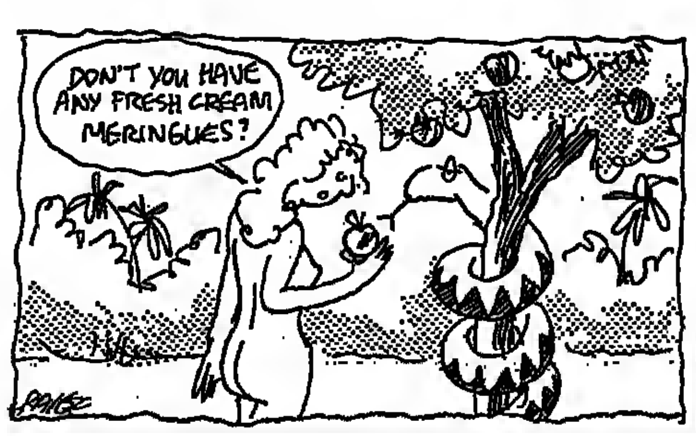
Tbis list of proscriptions means that we must avoid almost everything except chicken, white fish, and raw or steamed country vegetables. Some years ago we would at least have had the consolation that we could sbower all this rubbish with salt. Then they took that away as well. Sodium chloride, we are told, raises the blood pressure. But surely not more than the sigbt of Dr O'Donnell on television?

The worst atrocity of all is the daily confrontation with muesli. Gone is the incentive to get up in the morning that used to be provided by sizzling rashers, voluptuous eggs and oozing fried bread. Instead, today's breakfast bowl holds something that resembles the parcbed clippings from a lawnmower mixed with the odd tooth-cracking nut.

It is all, of course, a giant conspiracy by the medical profession. It drastically lowers—or soon will drastically lower—the cost of bacon, eggs, cream, sugar, chocolate and all the other foods in the world that are alone worth eating. At this point the doctors can sneak into shops *incognito*, buy all these goodies at bargain prices and gorge themselves on tbem.

Was it not in *Animal Farm*, or some comparably piercing allegory, that all the animals were told to eat the worst, nastiest, most unappetising food because it was "good for them?" Tomorrow morning I sball be baving bacon, eggs and fried bread, and coffee with cream, and I have put a sign up at my front gate: no hawkers, no circulars, no O'Donnells.

Nigel Andrews



Sport

Plodders show their paces

AS RACEHORSES go, they were a rum-looking couple — a battered old gelding and a coarse grey mare. The Gelding was a seven-year-old veteran called What a Nuisance, while the frazzled looking female, all teeth and hair, was Koiro Corrie May.

Between them, they exuded about as much personality as a rubber band. Yet, they knew bow to race, for in the dying stages of Tuesday's Melbourne Cup — Australia's greatest horse race — these two great troupers staged a pulsating finish to a genuinely memorable contest.

Because they live at the other end of the plughole, Australians do things differently. Thus, only in Australia would you pay your entrance money to watch a battle-scarred gelding and wind-blown mare fight out the finish of a A$1m race while the rest of the country comes to a paralysing halt.

In Britain, France, and North America, the richest prizes and keenest adulation are awarded to the winners of glamorous level-weight or weight-for-age races like the Epsom and Irish derbys, the Prix de l'Arc de Triomphe, or the American Triple Crown — races in which the best meet the best, with the winners usually guaranteed a megabuck career at stud.

Things are not like that in Australia, where many of the top races, including the Melbourne Cup, are handicaps, meaning that the runners carry different weights depending on their records. And whereas most of the world's top races are run over a mile to a mile-and-a-half, the Melbourne Cup is for two-mile plodders (to be precise, 3,200 metres, for Australia is metric).

As a result, most of the runners are geldings and mares of an age and decrepitude (everything is relative) that you would encounter only rarely at Ascot, Chantilly, or Churchill Downs.

Few boast exotic pedigrees, for drought-prone Australia produces low-grade thoroughbreds which, in the sales ring or on the racetrack, compare poorly with rivals from New Zealand. This is why New Zealand is the thoroughbred cradle of the South Pacific and why Kiwi-bred horses scoop Australia's richest prizes regularly.

Despite all that, the Melbourne Cup survives as one of the world's great horse races; partly because of its egalitarian traditions and spectacle, partly because of the Mountainous betting that it generates, and partly because of the heroic scale of the prize money augmented this year for the first time by the sponsorship of Carlton and United Breweries, which is part of Elders-IXL, the pushy Melbourne conglomerate bidding for Britain's Allied-Lyons food and drinks group.

This year's Melbourne Cup was worth a total of A$1,025,000 (about £500,000) including a first-place prize of A$650,000, making it one of the richest races — certainly the richest handicap—on the international calendar.

The Princess of Wales keeps a close watch on runners and riders during the Melbourne Cup meeting

As a foundling colony, Australia was christened in grog, something for which it has displayed the greatest relish since. Australia's best-known branded export is Foster's lager, produced by Carlton and United; so it was appropriate that Elders should bave produced enough money to rename Australia's greatest race the Foster's Melbourne Cup.

It seemed equally fitting that on Tuesday, under rain-stricken clouds, Melbourne's Flemington Racecourse should resemble an open-air brewery, for the sponsor's product was everywhere on tap. Among the crowd of 77,383 a handful of purists stuck to champagne, but the rest stayed on ale — buckets of the stuff. If any of the borses had lurched near the grandstand, it would have been stunned by the fumes.

The Prince and Princess of Wales were there, as was a cross-section of the Australian oligarchy, which still tends to make its money from wheat, wool or coal, or from beer and property and department stores. Much of the poshest action was in the members' car park, where the thing to do was to dine from gourmet hampers beneath Gucci umbrellas while real English waiters (who do not come two a penny, even in Melbourne) handed round the *grog*.

For the rest of us, it was an infernal crush among a good-tempered crowd in front of the members' enclosure where the fashions were riotous and the drink truly flowed. As the newspaper diarists noted the next morning, there were fairies, sultans, water-skiers, southern belles, bedouin, footy teams, a jazz band, a judge, people in shorts, people in tails, people in flip-flops (some in shorts, tails and flip-flops), plus 10 policemen dressed as Supermen.

According to these scribes, the fashion prize at this year's Cup was scooped by a 21-year-old nurse from Bendigo named Steve Brooks whose garb comprised a top bat and tails, net stockings, bigh heels, suspenders and briefs. According to Mr Brooks: "I think I'd [illegible] bit nervous if I hadn't h[illegible] drink, but after eight ca[illegible] don't feel a thing."

The greatest crush of all [illegible] in the main betting ring, [illegible] the grandstand. By the [illegible] was all over, Australia[illegible] wagered a record A$39[illegible] Cup via the Tote, plus [illegible] huge sums with the o[illegible] bookies. The Flemington [illegible] alone took more than A[illegible] A$41 per head for [illegible] every racegoer.

There was no shorta[illegible] fancied runners. On the [illegible] ing of the race, Aus[illegible] leaders gave their views [illegible] outcome. Prime Minister [illegible] Hawke tipped Map[illegible] Heights, a daughter of the [illegible] super-sire Sir Tristram; Fed[illegible] Opposition Leader John Ho[illegible] picked Imaprince, a win[illegible] New Zealand of the Well[illegible] Cup; and John Cain, [illegible] Premier of Victoria, stuck [illegible] Kiwi, the 1983 winner [illegible] Melbourne Cup.

The three runners [illegible] ignored most imperi[illegible] What a Nuisance (15/1) [illegible] Corrie May (10/1) and [illegible] cum (33/1)—What a [illegible] because of a bistory of [illegible] back trouble; Koiro C[illegible] because of her appear[illegible] Tripsacum because he is [illegible] nut. They finished first [illegible] and third with barely [illegible] head and three-qua[illegible] length between them.

The next time I see a [illegible] old gelding and a coarse [illegible] mare lining up for a race [illegible] keep my dollars in my [illegible] and my jokes to myself.

Michael Thompson-Noel

Tennis fight goes to court

THIS HAS been a significant week for tennis, in a domestic and a worldwide sense.

Internationally the power of the agents in the men's game is being cballenged by the Men's International Professional Tennis Council (MIPTC) who have filed a counterclaim in New York alleging that Mark McCormack of International Management Group plus Donald Dell and Ray Benton of Pro-serv, are "holding the game hostage and seeking to strangle it in an illegal web of pervasive conflicts, intimidation, fraud and corruption."

Mike Davies, tennis council chairman, and a former British Davis Cup player, who is now executive director of the Association of Tennis Professionals, believes the situation must be tackled head on. "The agents must choose between controlling tournaments and representing players—they cannot do both," he says. The Tennis Council's action answers a suit filed by Volvo, former sponsors of the Grand Prix, in April 1985 and subsequently joined by Pro-serve and IMG.

At stake is the right of the management company to operate in both areas—player representation and tournament management which can include anything from marketing the name and negotiating TV contracts to total day-to-day operation. The potential conflict of interests is obvious.

This battle for control of men's tennis arises out of the basic health of the game. Since more companies and tournaments are anxious to become part of the official tour than there are weeks available, enterprising agents construct new events. What we are seeing is an evolutionary process in men's tennis, an expansion into areas of show business where the qualities of the game's TV-created superstars can be exploited.

Although the establishment does not like the situation it is naive if it believes that a law suit will change anything so long as money is waiting in the wings. The establishment could not prevent abuses of the amateur code in the days before *Open tennis. It cannot now* prevent the payment of appearance money or stop star players from taking part in lucrative special events in future.

This is a free market situation. The tennis council should encourage its constituent tournaments to improve their management performance. If they marketed and ran tournaments better they would not have to *engage agents*.

The players would then have to choose between the short term rewards of special events and the rich rewards of the Nabisco Grand Prix tour with its $4m year-end bonus pool, and a first prize of $800,000 plus the prestige that goes with winning the established championships. If this results in a reduction in the number of Grand Prix tournaments that will be no bad thing. The circuit is already too big.

Nationally the appointment of Ian Peacock from 200 applicants to a minimum three year term as the new executive director of the Lawn Tenis Association can be greeted with qualified approval. He has the business experience and drive to tackle the task of marketing the game to a wider public and developing the municipal indoor facilities that will bring cheap tennis to the masses.

However, the careful explana*tion of LTA president* Geoff Brown that this is not the post of cbief executive envisaged in the 1980 Smith report must temper our enthusiasm.

The problem with all amateur sports bodies is that their officials are too often concerned with status and the perks of office. All too often the progressive professional is choked off. Yet surely the point in appointing professional managers must be to let them manage.

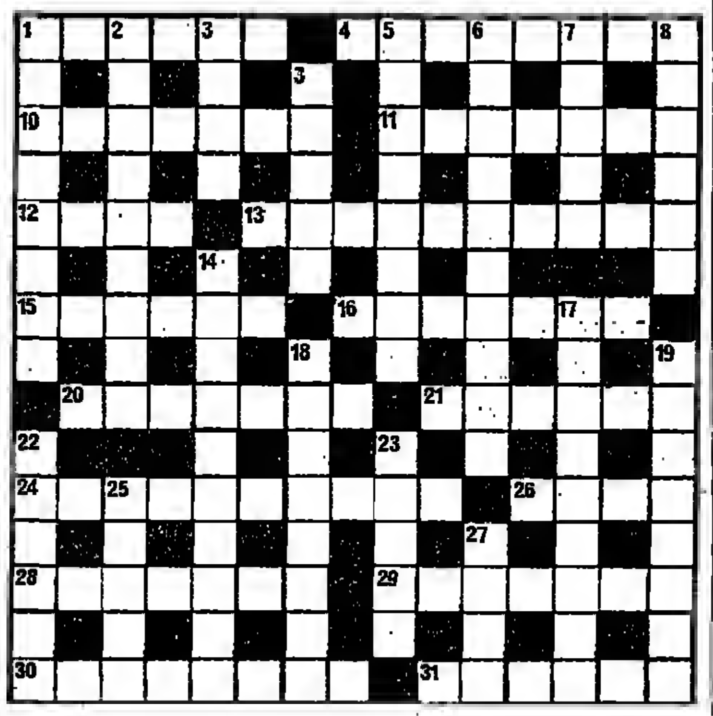
Although Mr Brown is the first to admit that the present LTA board has become bogged down in a management role instead of being concerned solely with policy, the success or failure of Mr Peacock's appointment will [illegible] entirely on the freedom [illegible] given to act independently [illegible] he tries to build a strong [illegible] around him.

At least the LTA has ta[illegible] long overdue action and to [illegible] extent must be congratulated. The next step is the [illegible] one for it will inevitably m[illegible] a diminution in the [illegible] board's power, something wh[illegible] some members may be [illegible] tant to relinquish.

Unquestionably Mr Peacock will enjoy a groundswell of good will when he takes up his appointment on January [illegible]. Provided, of course, that he performs there could be a golden age ahead for British tennis; the potential for expansion of the sort seen in France, Germany and Sweden during the past decade is there. The clear duty of the LTA is [illegible] him perform.

John Barrett

F.T. CROSSWORD PUZZLE No. 5,869



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

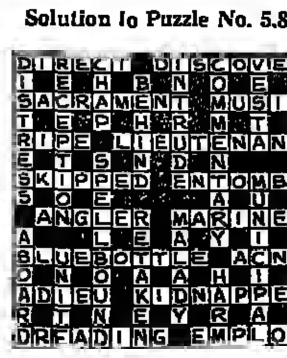
ACROSS

- 1 Dad having lost her, I get Mum to find her (5)
- 4 Classic example of feral cat running wild (4, 4)
- 10 One would have to go back in time to get it (7)
- 11 Beat a doctor in the final (7)
- 12 A revolutionary pain (4)
- 13 Solo, in fact, could be on this scale (5, 3-2)
- 15 Book a flight (6)
- 16 Working in the smithy, but not making good money (7)
- 20 He doesn't appreciate where the coal goes (7)
- 21 Noise in the distance from pigs (5)
- 24 Too proud to take ledgers, honest! (5, 5)
- 26 Never-ending trouble for a bird (4)
- 28 He has no faith in Castro (7)
- 29 It may qualify as part of an agreement (7)
- 30 Where one may see bellows-makers? (8)
- 31 A note sent out by representatives (6)

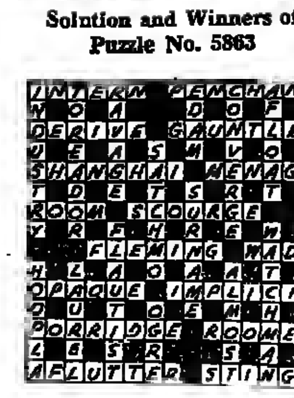
DOWN

- 1 It brings insects to a sticky end (3-5)
- 2 Try to land (5, 4)
- 3 They may be full of beer, the fools (4)
- 5 A sticky sweet (8)
- 6 It tells us when a fresh batch of mail gets in (4, 6)
- 7 Benefit a few and suffer for it (5)
- 8 Take some up to quarters (6)
- 9 Guided missile school hasn't opened (5)
- 14 When to be lenient? (7, 3)
- 17 Ran up a share account (9)
- 18 Is he in no hurry to act? (8)
- 19 Partition between pigs and birds (8)
- 22 A right squabble about the price-list (6)
- 23 Luggage vehicles (5)
- 25 Bid for a chest without a top (5)
- 27 Cheap price, though requiring a lot of notes (4)

Solution to Puzzle No. 5,868



Solution and Winners of Puzzle No. 5863



Mrs E. Walker, Bucklebury, Berks; Mrs W. Reynolds, Edinburgh; Mr J. Heaton, Keighley, W Yorks; Mr P. Harper-Bill, Englefield Green, Surrey; Wing Cmdr D. McKechnie, Dover, Kent.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am Wheel-e-Mase. 8.35 Children Of Fire Mountain. 9.00 Saturday Superstore. 11.30 Lord Mayor's Show. 12.15 Grandstand including 1.00 News Summary; Football Focus; Racing from Cheltenham at 12.40, 1.15 and 1.50; Swimming; Rugby League (Great Britain v New Zealand); Motor Racing from Brands Hatch and at 4.40 Classified results.

5.05 News. 5.15 Regional Programmes. 5.20 The Tripods. 5.45 Terry and June. 6.15 The Noel Edmonds Late Late Breakfast Show. 7.05 Bob's Full House. 7.40 Juliet Bravo. 8.30 The Paul Daniels Magic Show. 9.15 News and Sport. 9.30 Royal British Legion Festival of Remembrance. 11.00 Saturday Movie Classic: "Cool Hand Luke," starring Paul Newman and George Kennedy.

BBC 2

12.15-1.30 pm Open University. †1.35 Saturday Cinema Double Bill: "Flight For Freedom," starring Rosalind Russell, Fred MacMurray and Herbert Marshall and at 3.15 "Flying Leathernecks," starring John Wayne and Robert Ryan. 4.55 "The Pirates of Penzance," with Keith Michell as the Major-General. 6.30 Deutsch Direkt. 6.55 World Chess Championship. 7.25 News and Sport. 7.40 Saturday Review. 8.30 "Albert Herring" Britten's comic opera, broadcast simultaneously with Radio 3, in Sir Peter Hall's Glyndebourne production, with John Graham-Hall in the title role. 11.00-1.00 am American Film Theatre: "The Man in the Glass Booth," starring Maximilian Schell.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 TX. 11.00 Terrahawks. 11.30 Mr Smith. 12.00 News. 12.05 pm Saint & Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Gymnastics. 4.15 Benson. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Child's Play. 7.00 Game For A Laugh. 7.45 3-2-1. 8.45 News. 9.00 The Professionals. 10.00 Time For Murder. 11.00 LWT News Headlines followed by Movie Premiere: "Death Penalty." 12.40 am Hall and Oates. 1.35 Ace Crawford, Private Eye starring Tim Conway. 2.00 Night Thoughts.

CHANNEL 4

1.00 pm Murun Buchstansangur. 1.05 Channel 4 Racing from Doncaster. †3.00 "Broadway Melody of 1938," stars Robert Taylor, Eleanor Powell with George Murphy, Sophie Tucker and Judy Garland. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Hannibal's Footsteps. 7.00 News Summary followed by 7 Days. 7.30 The Pioneers. 8.00 "Lions Led By Donkeys." 9.00 Upstairs, Downstairs. 10.00 Hill Street Blues. 11.00 Who Dares Wins. †11.45 "It! The Terror From Beyond Space," starring Marshall Thompson.

S4C WALES

1.05 pm Weekend Racing from Doncaster. 3.05 Rygbi Rhyngwladol: Cymru v Fiji. 4.00 Myth America. 5.00 The Great Plant Collections. 5.30 Upstairs, Downstairs. 6.30 Hwrlibwrli. 7.00 Newyddion. 7.15 Ar Y Ffordd. 7.45 Taro Bargen. 8.15 Chateauvallon. 9.15 Y Maes Chwarae. 10.15 "Lions Led By Donkeys." 11.15 Boats of the Heart. †12.15 am Alfred Hitchcock Presents.

REGIONS

IBA Regions as London except at the following times:—

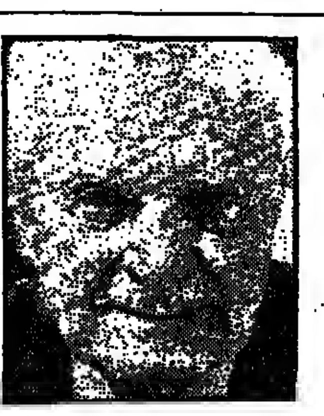
ANGLIA

11.05 am Otherworld. 4.15 pm Small Wonder. 8.00 Time for Murder. 10.00 Movie Premiere: "Sharky's Machine." ...

Paul Newman in Cool Hand Luke, BBC 1, 11.00 pm

SUNDAY

† Indicates programme in black and white



Sir Stephen Spender, South Bank Show, ITV, 10.30 pm